ai media

Prospectus

Access Innovation Holdings Limited
(ACN 122 058 708)

Initial Public Offering

Joint Lead Managers

BELL POTTER

morgans

Important Notices

Offer

This Prospectus is issued by Access Innovation Holdings Limited (ACN 122 058 708) (**Company**) and Ai-Media SaleCo Limited (ACN 643 045 961) (**SaleCo**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in Ai-Media (**Shares**). See Section 7 for further information on the Offer, including the details of the Shares that will be issued under this Prospectus.

Lodgement and listing

This Prospectus is dated 10 August 2020 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The Company will apply to Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company, SaleCo, the Share Registry, and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether or not to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be other risk factors in addition to the risks in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, SaleCo, the Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

Financial information presentation

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information. The Historical Financial Information includes historical financial information for the years ended 30 June 2018 (FY18) and 30 June 2019 (FY19) which were audited by Deloitte Touche Tohmatsu, together with the half-years ended 31 December 2019 and 31 December 2018, which were reviewed by Deloitte Touche Tohmatsu. The Forecast Financial Information included in this Prospectus comprises the two years-ending 30 June 2020 (FY20) and 30 June 2021 (FY21). The Forecast Financial Information is prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

Investors should note that certain financial data included in this Prospectus is not recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information (**RG 230**). The Company and SaleCo consider that non-IFRS information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be completely comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios in this Prospectus.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest $0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 of this Prospectus is an example of forward looking statements. Any forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company or SaleCo. The Forecast Financial Information and the forward looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the specific and general assumptions set out in Section 4.17, the sensitivity analysis set out in Section 4.19 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements. The Company does not intend to update or revise forward looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

There is no assurance that any of the third party estimates or projections contained in this Prospectus will be achieved. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Statements of past performance

This Prospectus includes information regarding past performance of Ai-Media and prospective investors should be aware that past performance is not, and should not be relied upon as being indicative of future performance.

Industry and market data

This Prospectus contains statistics, data and other information (including estimates and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data relating to Ai-Media and the markets in which it operates, which uses market data and third party estimates and projections. This includes the Industry Overview in Section 2, which is a market research report prepared by Frost & Sullivan, as well as references in the Investment Overview in Section 1 and the Company Overview in Section 3 which are based on the Frost & Sullivan report.

Investors should note that market data and statistics are inherently subject to uncertainty and may not necessarily be reflective of actual market positions. General warnings, above, regarding forward looking information, forecasts and estimates apply to the market research report and any other market research as well as statements based upon it. The Directors, Ai-Media, SaleCo and their advisers have relied on the market research report and third party research and have not independently verified it. Ai-Media and SaleCo cannot give any assurances as to the accuracy or completeness of the market and industry data or the underlying assumptions used in generating this market and industry data.

Disclaimers

Bell Potter Securities Limited ACN 006 390 772 (**Bell Potter**) and Morgans Corporate Limited ABN 32 010 539 607 (**Morgans**) have acted as the Joint Lead Managers to the Offer. Bell Potter and Morgans have not authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by them or by any of its affiliates, officers or employees. To the maximum extent permitted by law, Bell Potter and Morgans and their affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**US Securities Act**) or the securities laws of any state of the United States, and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, registration under the United States Securities Act and applicable US state securities laws.

For details of selling restrictions that apply to the Offer and the sale of Shares in certain jurisdictions outside of Australia, please refer to Section 9.

Exposure Period

The Corporations Act prohibits the Company from processing Applications for Shares in the seven day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

Prospectus availability

During the Offer period, a paper copy of this Prospectus is available free of charge to any person in Australia by calling the Ai-Media IPO Information Line on 1300 344 979 (within Australia) and +61 3 9415 4082 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays). This Prospectus is also available to persons who are Australian residents in electronic form at the Offer website www.ai-media.tv.

Important Notices

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may be made only during the Offer period on the Broker Firm Offer Application Form, Priority Offer Application Form or Employee Gift Offer Application Form (whichever is relevant to you) (in general referred to as **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.ai-media.tv. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Offer management

The Offer is being arranged and managed by Bell Potter and Morgans.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Defined terms and abbreviations

Some words and expressions used in this Prospectus have defined meanings, which are explained in the Glossary. Unless otherwise stated or implied, a reference to time in this Prospectus is to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

Privacy

By completing an Application Form to apply for Shares, you are providing personal information to the Company, through its service provider, Computershare Investor Services Pty Ltd (**Share Registry**), which is contracted by or on behalf of the Company to manage Applications. The Company and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, provide facilities and services that you request and administer the Company. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time-to-time to inform you about other products and services offered by the Company, which it considers may be of interest to you. Your personal information may also be provided to the Company's members, agents and services providers on the basis that they deal with such information in accordance with the Company's privacy policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date. This Prospectus contains trade marks and service marks that are the property of their respective owners.

Company website

The Company maintains a website at www.ai-Media.tv. Any references to documents included on the Company's website are for convenience only, and information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

Investigating Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act (**Financial Services Guide**). The Investigating Accountant's Report and Financial Services Guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form. Alternatively, call the Ai-Media IPO Offer Information Line on +61 3 9415 4082 (within Australia) and 1300 344 979 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays).

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, Broker, lawyer or other professional adviser before deciding whether to invest in the Company.

This Prospectus is important and should be read in its entirety.

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Important Information

Offer Statistics and Key Dates

Offer Statistics

Offer Price	$1.23 per Share
Gross cash proceeds from the Offer	$65.5 million
Total number of New Shares to be issued by Ai-Media under the Offer	24.4 million
Total number of Existing Shares to be sold by SaleCo under the Offer	28.8 million
Total number of Shares on issue on Completion of the Offer	144.2 million
Total number of Shares to be held by Existing Shareholders at Completion of the Offer	91.5 million
Market capitalisation at the Offer Price[1]	$177.4 million
Pro forma net cash on Completion of the Offer	$19.8 million
Enterprise Value[2]	$157.6 million
Enterprise Value/FY21F Revenue[2,3]	3.6x

Key Dates

Prospectus Date	Monday, 10 August 2020
Retail Offer opens	Monday, 17 August 2020
Retail Offer closes	Thursday, 3 September 2020
Settlement of the Offer	Tuesday, 8 September 2020
Issue of Shares under the Offer (Completion of the Offer)	Wednesday, 9 September 2020
Expected despatch of holding statements	Thursday, 10 September 2020
Shares expected to begin trading on the ASX on a normal settlement basis	Tuesday, 15 September 2020

1) Market Capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Completion of the Offer.
2) Enterprise Value is equal to the market capitalisation of the Company less the expected pro forma net cash on Completion of the Offer.
3) The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A and is subject to the key risks set out in Section 5. There is no guarantee that forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 4.

Dates may change

The dates above are indicative only and may change without notice. The Company and the Joint Lead Managers reserve the right to vary any and all of the times and dates of the Offer without prior notice (including, subject to the ASX Listing Rules, the Corporations Act and other applicable laws, to defer the opening date of the Offer if the exposure period is extended, close the Offer early, extend the date the Offer closes, to accept late Applications or to cancel the Offer before settlement). If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Applicants are encouraged to submit their Application Forms as soon as possible after the Offer opens. Applications made under this Prospectus will not be processed before the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the quotation and commencement of trading of the Shares is subject to confirmation from the ASX.

Unless otherwise indicated, all times stated throughout the Prospectus are Sydney time.

How to invest

Applications for Shares can be made in accordance with the procedures described in this Prospectus. Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Chair's Letter

Dear investor,

On behalf of the Board, it is my pleasure to offer you the opportunity to join me as a shareholder of the Company.

Ai-Media is an Australian-based business that was established in 2003 and has successfully expanded globally to become a leading provider of live and recorded captioning, transcription, subtitles, translation and speech analytics using its proprietary, cloud-based technology platform. Ai-Media was founded when two inspired entrepreneurs decided to build a company with the goal of providing equal opportunity for the deaf and hard-of-hearing community in viewing recorded television media. Both sought to end the experience of social, educational and vocational exclusion faced by people with a disability or disadvantage. Although Ai-Media has expanded its mission and target audience over the past 17 years, this philosophy continues to drive Ai-Media.

In 2020, the total addressable market was forecast to be US$11.8 billion, increasing to US$14.7 billion in 2022 at a CAGR of 7.4% between 2015 and 2022. The market is being driven by a range of factors, including the rapid increase in consumption of video content through online channels; the combination of globalisation and localisation; regulatory requirements that mandate equality of access to content for hard-of-hearing individuals; and increasing demand for Ai-Media's services outside the media and entertainment industry, such as education, training and corporate events. More recently, COVID-19 has driven remote working which has led to increased demand for live captioning of online meetings and webinars.

Since 2009, Ai-Media has spent more than $50 million on developing its cloud-based captioning, transcription and translations technology platform that utilises a combination of artificial intelligence, machine learning and human intelligence to convert both live and recorded speech to text efficiently and with greater than 99% accuracy. This combination of machine and human curation provides levels of accuracy that are greater than machines alone. This level of accuracy is required to service Ai-Media's enterprise customers. Use of its platform and the global crowd allows Ai-Media to scale rapidly as it expands its operations.

Ai-Media operates in Australia and New Zealand, North America, EMEA and Asia across three key product lines of "Live Enterprise", "Live Broadcast" and "Recorded". Ai-Media has the capability to make content available in over 120 languages, with six languages actively used. In FY20 Ai-Media had a diverse customer base that included over 2,200 international and national broadcasters, streaming content providers, multinational corporations, government and non-government organisations, universities, conferences, schools, small businesses and individuals. Ai-Media has an experienced global team of approximately 160 full-time staff who are primarily based in Australia and North America and a global workforce of over 2,000 casual, crowd-sourced freelancers and contractors who Ai-Media has accredited to meet high-quality control standards.

Ai-Media's strategy is to continue its strong growth in regions such as North America, EMEA and Asia. Ai-Media is also focused on continued investment in its technology platform and product innovation. This investment will increase automation, improve accuracy, efficiency and security, enable more training data to be captured and provide continued improvement in the management of Ai-Media's global crowd.

During FY20, Ai-Media acquired Alternative Communication Services, LLC (**ACS**), a leading US provider of speech-to-text captioning and sign language services in North America. This significantly increases Ai-Media's presence in North America, provides the opportunity to cross-sell and up-sell to ACS' corporate and government customers and to migrate them onto the Ai-Media platform. While Ai-Media's growth strategy is primarily organic, the fragmented nature of the industry also provides opportunities for strategic acquisitions like ACS.

Much of Ai-Media's revenue is subject to contracts with its customers and is repeatable in nature. Ai-Media has achieved pro forma revenue CAGR of approximately 26% in the 10 years to 30 June 2020 and is forecasting growth in services revenue of approximately 20% to $43.8 million in FY21F.

Through this Prospectus, Ai-Media and SaleCo are inviting investors to acquire 53.2 million Shares at the Offer Price of $1.23 per share to raise $65.5 million. The Offer comprises an issue of 24.4 million New Shares by the Company at the Offer Price and a sale of 28.8 million Existing Shares by SaleCo. The primary purpose of the Offer is to provide Ai-Media with the financial flexibility to fund Ai-Media's future growth including, but not limited to, marketing, product development, operations and other growth opportunities. In addition, the Offer will provide the Company with access to capital markets, provide a liquid market for Shares, allow some investors to realise some of their investment, provide working capital and assist Ai-Media to attract and retain quality employees.

This Prospectus contains detailed information about the Offer, the industry sectors in which Ai-Media operates and the historical and forecast financial position of Ai-Media, as well as the key risks associated with an investment in the Company. These key risks are set out in Section 5 and include, among others, counterparty risk, recruitment and crowdsourcing, loss of a key customer or a reduction in the work that Ai-Media receives, competition and new technologies and disruption to, or failure of, technology systems and software, including cybersecurity breaches.

It is important that you to read this Prospectus carefully, and in its entirety, before deciding whether to invest in the Company.

On behalf of the Board of Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely,

Deanne Weir
Chair

1. Investment Overview

1.1 Introduction

Topic	Summary	Section
Who is Ai-Media?	Founded in Sydney, Australia in 2003, Ai-Media is a global media access provider, utilising its technology platform to make content available for all through live and recorded captioning, transcription, subtitles, translation and speech analytics services. Ai-Media has developed a cloud-based captioning, transcription and translations platform that utilises a combination of artificial intelligence (**AI**), machine learning (**ML**) and human intelligence to convert speech to text and has established itself as a global technology business across its three business lines of "Live Broadcast", "Live Enterprise" and "Recorded" content. Using a combination of machine and human curation provides levels of accuracy that are greater than machines alone. This level of accuracy is a requirement to service Ai-Media's enterprise customers. The Company was founded to provide equal opportunity for the deaf and hard-of-hearing community in accessing television and educational content. The Company has expanded its mission and target audience over the past 17 years but continues to be driven by its commitment to access for all.	Sections 3.1 and 3.2
What industry and markets does Ai-Media operate in?	Ai-Media participates within the global language services industry, and services customers such as broadcast media providers, streaming media providers, education and training providers and producers and managers of corporate events or anyone arranging online meetings or webinars. Ai-Media operates in the speech-to-text segment of the industry. In a report commissioned by Ai-Media, industry research company Frost & Sullivan estimated that the global market size for all language services was US$54 billion in 2019, and is expected to grow to US$67 billion in 2022, representing an estimated CAGR of 8.4%. Within the wider language services industry, Ai-Media competes in captioning and transcription. Its technology also provides the opportunity to provide services like synthetic audio, which will allow Ai-Media to participate in speech-to-speech services, such as interpreting and dubbing, as well as audio description services. In 2020, the total addressable market was forecast to be US$11.8 billion, increasing to US$14.7 billion in 2022 at a CAGR of 7.4% between 2015 and 2022. Key drivers behind the growth of the industry include: • significant growth in media consumption, particularly online video; • the increase in streaming media video content providers through over the top (**OTT**) video on demand (**VOD**) subscriptions; • increased consumption of content through mobile devices; • increasing engagement with content for non-hearing-impaired audiences; • regulatory requirements mandating access; • growth in the hard-of-hearing population; and • increasing demand for services outside the media and entertainment industry, in sectors such as education and training and corporate events.	Section 2

1. Investment Overview

Topic	Summary	Section
What is the Offer?	The Offer is an initial public offering to issue approximately 24.4 million New Shares at a price of $1.23 to raise $30.0 million (before costs). In addition, SaleCo is offering approximately 28.8 million Existing Shares for sale at a price of $1.23 for total consideration of approximately $35.5 million with the net proceeds to be paid to Existing Shareholders. All Shares issued pursuant to this Prospectus will, from the time that they are issued and allotted, rank equally with all other Shares on issue at the Prospectus Date.	Section 7.1
Why is the Offer being conducted?	The purpose of the Offer is to: • provide the Company with access to capital markets which the Company expects will provide additional flexibility for it to pursue further growth opportunities, including but not limited to, marketing, product development, acquisitions and other growth opportunities; • achieve a listing on ASX to broaden Company's shareholder base and provide a liquid market for its Shares; • allow some investors to realise part of their investment in the Company; and • assist Ai-Media in attracting and retaining staff.	Section 7.1.2

1.2 Key features of Ai-Media

Topic	Summary	Section
How does Ai-Media generate revenue?	Ai-Media generates revenue through contracts based on time-based charges. Many contracts are long-term in nature, but vary depending on type of customer, engagement and product line. Contracts generally do not provide for minimum volumes.	Section 3.5.2
Who are Ai-Media's customers?	Ai-Media has a diverse customer base that ranges from broadcasters, government and non-government organisations, multinational corporations, conferences, universities, schools, small businesses and individuals. The majority of Ai-Media's revenue is derived from enterprise customers with a much smaller proportion from individuals and small to medium-sized businesses. In FY20F, Ai-Media had over 2,200 customers globally with the largest customer accounting for approximately 15% of total pro forma revenues and the top 20 customers accounting for approximately 50% of total pro forma revenues. Approximately 47% of Ai-Media's pro forma services revenues were derived from Australian and New Zealand customers in FY20F, approximately 44% from North American customers and the remainder from Asia and EMEA.	Section 3.6
Where are the operations of Ai-Media located?	Ai-Media has operations in four key regions: Australia; New Zealand; North America; EMEA and Asia. Ai-Media is headquartered in Sydney and has offices located in Melbourne, Singapore, Youngstown (US), Toronto and London.	Section 3.4

Topic	Summary	Section
Who are Ai-Media's competitors?	The global language services industry is fragmented, with an estimated 18,500+ service providers. The top 100 providers by revenue are estimated to account for only 14.5% of industry revenue in 2019. In Ai-Media's speech-to-text segment there are a range of industry participants offering speech-to-text services (translated, non-translated and both), for either recorded or live content. Most of Ai-Media's competitors are privately-owned.	Section 2.7
What is Ai-Media's growth strategy?	Ai-Media's growth strategy is focused on continuing its current growth trajectory, particularly in its offshore regions and on the ongoing development of its technology platform to provide a wider range of services for its customers. The five key components to Ai-Media's growth include: • **Growth markets:** Expansion in existing growth markets, particularly in North America and Asia • **Product automation and scalability:** Ongoing, in-house development of Ai-Media's scalable, cloud-based technology platform • **Product innovation:** Further development and integration of automated speech recognition (**ASR**) and AI technology improvements, incorporating best-of-breed technologies • **Organic growth:** Up-selling and cross-selling to its existing customer base and continuing to drive new customer acquisitions, with a focus on the strongly growing the Live Enterprise product line • **Acquisition opportunities:** Considering strategic acquisition opportunities that complement Ai-Media's current business operations	Section 3.12
What is Ai-Media's key financial information?	The table below summarises the Pro Forma Income Statements and Statutory Forecast Income Statements set out in Section 4.3.1.	Section 4

	Pro forma Historical		Pro forma Forecast	
A$ millions	**FY18**	**FY19**	**FY20F**	**FY21F**
Services revenue	26.6	31.5	36.6	43.8
Other revenue	0.2	0.1	1.2	0.1
Total Revenue	**26.7**	**31.6**	**37.9**	**43.8**
Gross profit	10.8	12.4	15.3	18.1
EBITDA	(0.1)	(2.7)	(8.5)	(4.8)
NPAT	(1.2)	(3.6)	(8.6)	(5.8)

1. Investment Overview

Topic	Summary	Section

What is Ai-Media’s key financial information? *continued*

A$ millions	Statutory Historical FY18	Statutory Historical FY19	Statutory Forecast FY20F	Statutory Forecast FY21F
Services revenue	16.1	18.3	24.6	43.8
Other revenue	0.1	0.1	0.9	0.1
Total Revenue	**16.2**	**18.4**	**25.6**	**43.8**
Gross profit	8.1	9.0	11.5	18.1
EBITDA	(0.4)	(2.9)	(10.3)	(8.4)
NPAT	(0.4)	(3.9)	(12.8)	(11.0)

A$ millions	Pro forma 31 December 2019
Net Cash	19.8
Net Assets	34.6

The Pro Forma Historical Financial Information does not reflect the actual financial result of Ai-Media for the periods indicated. Section 4.13 of the Prospectus provides a reconciliation of the Pro Forma Historical Financial Information to the Statutory Historical Financial Information.

Section 4

What is the impact of COVID-19 on Ai-Media?

Ai-Media experienced a slowdown in sales and revenue in late March 2020 due to the impact of COVID-19. This slowdown was largely due to the postponement or cancellation of conferences, live sports, TV productions and events across the globe, resulting in less live content being captioned. Further, with the shutdown of production on television and movie sets, less recorded media content is available for captioning. Ai-Media’s ability to provide timely and quality captions and translation to its customers was unaffected, with the majority of the workforce able to work remotely.

Since then, Ai-Media has seen increases in content requiring captioning. While some live events and some recorded media categories remain impacted, an accelerated shift towards virtual events and education resulting in increased demand for captioning from educational, government and non-government organisations and corporate customers.

Section 3.11

What is the Company’s dividend policy?

The payment of dividends by the Company is at the complete discretion of the Directors. Given the Company’s stage of development, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to Ai-Media’s earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

Section 4.20

1.3 Key strengths

Topic	Summary	Section
Large and growing global market supported by regulatory requirements	The addressable market for Ai-Media includes segments that Ai-Media already serves (such as captioning and transcription), as well as segments that may be addressed through developing services such as synthetic audio. In 2020, the total addressable market was forecast to be US$11.8 billion, increasing to US$14.7 billion in 2022 at a CAGR of 7.4% between 2015 and 2022.	Section 2.6.2
Established global presence and employee network	In recent years, Ai-Media has invested in growing its presence in its key offshore regions of North America, EMEA and Asia. The North American presence has been further enhanced by the recent acquisition of ACS. This investment, together with Ai-Media's global network of freelancers, provides Ai-Media with the people and infrastructure to grow in these global markets without a large incremental investment.	Section 3.4
Industry leading platform	Ai-Media's platform is cloud-based and was developed using a combination of proprietary, internally developed software and technologies and third-party software. Ai-Media's information technology and cyber security are critical to providing an uninterrupted service to Ai-Media's customers and to maintain data integrity and privacy. Depending on the type of customer, Ai-Media's platform can either be fully integrated into a customer's internal systems and processes or externally accessed. The platform is specifically designed to be horizontally scalable to global markets with application across verticals. The technology architecture ensures a personalised experience which varies depending on the customer's requirements, but also allows flexibility in order to meet a customer's needs with minimal delay.	Section 3.7
Large and diverse customer base	Ai-Media has a diverse customer base that ranges from broadcasters, government and non-government organisations, multinational corporations, conferences, universities, schools, small businesses and individuals. The majority of Ai-Media's revenue is derived from enterprise customers with a much smaller proportion from individuals and small to medium-sized businesses. In FY20F, Ai-Media had over 2,200 customers globally with the largest customer accounting for approximately 15% of total pro forma revenues and the top 20 customers accounting for approximately 50% of total pro forma revenues.	Section 3.6
Strong revenue growth and consistent margins	Ai-Media has demonstrated strong revenue growth while investing in its platform, with a 26% pro forma revenue CAGR from FY10 to FY20F. Between FY18 and FY20F, Ai-Media's pro forma gross profit margins have stayed relatively consistent, averaging approximately 40%. Ai-Media is forecasting a further 20% services revenue growth in FY21F.	Section 4.3

Topic	Summary	Section
Experienced Board, management and personnel	The Company has assembled: • an experienced Board with relevant industry and listed company experience as well as a diverse skill set and proven track record of building businesses and a desire to promote strong corporate governance; • a multidisciplinary team of management and employees with high technical expertise; and • a skilled global employee base of approximately 160 full-time staff and more than 2,000 registered and validated crowd-sourced freelancers.	Sections 3.4, 6.1 and 6.2

1.4 Key risks for Ai-Media

There are a number of potential risks associated with Ai-Media and the industry in which it operates, which may impact its future financial performance. Some of the risks are summarised below and further risks are described in Section 5.

Topic	Summary	Section
Counterparty risk	Any financial distress or insolvency of a customer, in connection with COVID-19 or for any other reason, may result in a material reduction of revenue from that customer or difficulty in collecting outstanding fees from that customer. Consolidation within industries (whether driven by COVID-19 or for any other reason), including the media and education sectors, could trigger termination rights in Ai-Media's contracts and affect choice of provider by existing customers. A number of Ai-Media's customers (including those operating in the media and education sectors) have been significantly impacted by disruptions caused by COVID-19. Ai-Media has a concentration of customers in the media and education sectors, including its four most material contracts.	Section 5.2.1
Recruitment and crowdsourcing	Ai-Media's operating model requires an ability to mobilise a large number of independent freelancers on a project by project basis to fulfil customer needs and project requirements. If Ai-Media fails to find and retain independent freelancers of a suitable quality, and/or suitable number, and/or jurisdictions restrict flexible independent freelancer relationships, this may lead to project delays or lower revenues being generated in relation to the project. These difficulties may be more prevalent during times when national economies are strong or getting stronger due to the reduced number of persons looking for work, or when employment markets are significantly disrupted for other reasons.	Section 5.2.2
Loss of a key customer or a reduction in the work that Ai-Media receives	Ai-Media may be unable to retain existing customers (including its key customers) or their current level of usage over the timeframes or with the pricing, revenues and costs it currently expects. Ai-Media may fail to retain existing customers for a number of reasons, such as the failure to meet customer expectations, poor customer service, technology disruptions, pricing or competition. Ai-Media's ability to renew existing contracts may be impacted by broader factors affecting the dynamics of the media, entertainment, education and training industries, changes in law or changes in the regulation of the industries in which Ai-Media and its customers operate more generally.	Section 5.2.3

Topic	Summary	Section
Competition and new technologies	Ai-Media competes against other language services providers in an industry that is currently highly fragmented. Competition in the industry is based on factors such as price, service, quality, information security, innovation, reliability, accuracy, timeliness and the ability to meet regulatory standards. To maintain and improve its market position, Ai-Media will need to continue to develop new and improved products that efficiently leverage technology developments and continue to meet the requirements and regulatory obligations of its customers. A failure to do so, or quality control issues, may have an adverse effect on future revenue. Further, while translation and speech recognition software is currently used in the industry and by Ai-Media where appropriate, if there are significant advances in ASR and translation technology, to the extent that this technology addresses the curation of captioning, there is a risk that the need for trained captioners will be obsolete. If these risks are materialised, Ai-Media may compete less effectively against its competitors and its business, financial performance and operations and market position could be adversely affected.	Section 5.2.4
Disruption to, or failure of, technology systems and software, including cybersecurity breaches	Ai-Media's cloud-based technology is hosted on one of the world's largest cloud hosting platforms. In carrying out its business operations, Ai-Media processes large volumes of confidential data. There is a risk that Ai-Media's systems and software (including those provided by third party providers) may be adversely impacted by damaged or faulty equipment, misuse by employees or contractors, disruption, failure, service outages, data corruption or breaches which could occur as a result of computer viruses, malware, hacking or cyber-attacks, or other disruptions including natural disasters, power surges or outages, terrorist attacks, or other similar events. This may result in the loss, theft, corruption or unauthorised disclosure of confidential customer information and data, reputational damage, damage to or loss of customer relationships, and substantial costs may be incurred in identifying, investigating, mitigating, and remediating such an event, which may or may not be recoverable or addressed by insurance. While Ai-Media undertakes measures to prevent and detect the occurrence of such disruptions and failures, there is a risk that such measures may not be adequate.	Section 5.2.5
Impact of data protection and privacy laws and regulations	Ai-Media is subject to various data protection and sovereignty and privacy laws and regulations in the countries in which it operates (including EU General Data Protection Regulation and similar regulatory requirements in different states in the United States). These laws and regulations continue to evolve globally, may differ significantly between jurisdictions and strict compliance with all regulations in all jurisdictions is challenging and costly. Any systems failure or compromise of security that results in the unauthorised access to or release of customers' data could have a range of adverse effects on Ai-Media's reputation, and ability to attract and retain new customers. In addition to these risks, any breach of current data protection and privacy regimes to which Ai-Media is subject may result in Ai-Media being required to pay significant fines to regulatory bodies in relation to any data protection or privacy breach.	Section 5.2.6

1. Investment Overview

Topic	Summary	Section
Failure to realise benefits from product development costs	Developing software and technology is expensive and often involves an extended period of time to achieve a return on investment. An important part of Ai-Media's business strategy is to continue to make investments in innovation and related product development opportunities to maintain its competitive position. Ai-Media may not, however, receive significant revenues from these investments for several years or may not realise such benefits at all. Ai-Media makes assumptions about the expected future benefits generated by investment in product research and development and the expected timeframe in which the benefits will be realised. These assumptions involve both known and unknown risks that are beyond the control of Ai-Media and are thus subject to change. Any change to the assumptions may have an adverse impact on Ai-Media's ability to realise benefits from innovation and product development related costs.	Section 5.2.7
Need to attract and retain skilled staff in specialised roles and management personnel	Ai-Media is reliant upon staff with specialist skills and the talent and experience of its management personnel in order to maintain and develop its products and services. There is a risk that Ai-Media may not be able to attract and retain skilled staff and key personnel or be able to find effective replacements for them in a timely or cost effective manner. If Ai-Media is unable to attract and retain skilled staff and key personnel, it could materially adversely impact Ai-Media's ability to operate its business, implement its business strategy and develop its products, which would have a detrimental impact on Ai-Media's financial performance and profitability.	Section 5.2.8
Inability to attract new customers	Ai-Media is reliant upon attracting new customers to achieve its stated growth objectives. There is a risk that one or more of Ai-Media's competitors, or a new entrant to the market, will increase their competitive position, or companies that require captioning, transcription or translation services develop in-house processes rather than using translation products and services. If any of these risks materialise, they could materially affect Ai-Media's ability to attract the number of new customers required to achieve its growth objectives.	Section 5.2.9
Contracts with customers may be terminated at will and do not provide minimum revenue amounts	A number of Ai-Media's contracts with customers contain termination for convenience provisions and do not provide for minimum revenue requirements. The arrangements with 10 of Ai-Media's top 20 customers by revenue are either governed by Ai-Media's standard terms and conditions or Ai-Media's standard service agreement, as opposed to a tailored contract to reflect the specific arrangements and services agreed upon between the parties. The standard terms and conditions and standard service agreements do not provide for a minimum term or minimum volumes, which means that any reduction in volume will affect Ai-Media's revenue. The standard terms and conditions and standard service agreements also may not contain adequate protections to reflect the specific arrangements and services agreed upon between Ai-Media or ACS and the relevant customer, which could lead to disputes or uncertainty between the parties.	Section 5.2.10
Other risks	A number of other key risks relating specifically to an investment in the Company and generally to an investment in the Shares are included in Section 5.	Section 5

1.5 Directors and Management

Topic	Summary	Section
Who are the Directors of the Company?	• Deanne Weir (Non-Executive Director and Chair) • Tony Abrahams (Co-Founder, Director and Chief Executive Officer) • Alison Loat (Independent, Non-Executive Director) • John Martin (Independent, Non-Executive Director) • Jonathan Pearce (Non-Executive Director)	Section 6.1
Who are the senior management of the Company?	• Tony Abrahams (Co-Founder, Director and Chief Executive Officer)* • Patrick Fok (Chief Financial Officer)* • Sue Sanossian (Company Secretary) • Megan Hemingway (Chief Information Officer) • Ian Harris (Chief Product Officer) • Philip Hyssong (Chief Customer Officer) (***Key Management Personnel**)	Section 6.2

1.6 Significant interests of key Shareholders and related party transactions

Topic	Summary	Section
Who are the Existing Shareholders and what will their interest in the Company be at Completion of the Offer?	See table below	Section 7.1.3

	Shares held at the Prospectus Date[1]		Shares held at the Completion Date	
Category of Shareholder	**Shares**	**%**	**Shares[4]**	**%**
Tony Abrahams (as a Director of Pearlirose Pty Limited)	27,919,089	23.3%	27,639,898	19.2%
Non-Executive Directors[2,3]	30,228,387	25.2%	22,208,701	15.4%
Other Existing Holders (excluding Tony Abrahams and Non-Executive Directors)	61,681,606	51.5%	41,884,526	29.0%
New Shareholders	-	-	52,486,201	36.4%
Total	**119,829,082**	**100.0%**	**144,219,326**	**100.0%**

1. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Notes on a notional as-converted basis. Options and Convertible Notes will not be converted into Shares until shortly prior to settlement of the IPO. The closing out of certain employee options involves the payment of a salary bonus, on transfer of the option to SaleCo, which is applied in partial payment of an employee loan that funded the acquisition of the option.
2. Non-Executive Directors are Deanne Weir, Alison Loat, John Martin and Jonathan Pearce.
3. Includes 5,779,848 Shares controlled by the CVC Emerging Companies Fund which Jonathan Pearce is a director of.
4. Includes Shares to be subscribed for as part of the Offer by certain Directors and Key Management Personnel.

1. Investment Overview

Topic	Summary	Section

What significant benefits are payable to Directors and other persons connected with the Company or the Offer?

On Completion of the Offer, the Directors' relevant interests in Shares are expected to be as follows. The table above does not take into account any Shares the Directors may acquire under the Offer:

Section 6.3.4.1

Name	Shares held on completion of the Offer Number of Shares[1]	% of total Shares
Tony Abrahams (as a Director of Pearlirose Pty Limited)	27,639,898	19.2%
Deanne Weir (and related entities)	16,072,336	11.1%
John Martin (related entities)	1,088,646	0.8%
Jonathan Pearce (related entity)	462,833	0.3%
and, by association with certain CVC entities	4,334,886	3.0%
Alison Loat	250,000	0.2%
Total	**49,848,599**	**34.6%**

All Non-Executive Directors will receive directors' fees.

Tony Abrahams will receive executive remuneration as CEO.

Advisers and other service providers are entitled to fees for services.

1. Includes Shares to be subscribed for as part of the Offer by certain Directors and Key Management Personnel.

Will any Shares be subject to restrictions on disposal following Completion of the Offer?

All of the Shares held on Completion of the Offer by the Existing Shareholders will be subject to voluntary escrow arrangements as set out below:

Section 9.6

Category	Escrowed shareholder	Escrowed Shares	Escrow Period
1.	Founders, Directors, senior management and the ACS Vendor	18,376,805	From Completion of the Offer to (and including) the FY21 Results Date.
		18,376,805	From Completion of the Offer to (and including) the FY22 Results Date.
		18,376,805	From the issue and transfer of the Shares to (and including) the FY23 Results Date.
2.	Holders of convertible notes in the Company (other than those in Category 1)	10,337,099	From Completion of the Offer to (and including) the later of 6 months after Completion of the Offer and the 1H FY21 Results Date.
3.	Employees (other than those in Category 1) and certain Existing Shareholders	23,537,927	From Completion of the Offer to (and including) the FY21 Results Date.
4.	Other Escrowed Shareholders (other than those in Categories 1 or 2)	2,727,684	From Completion of the Offer to (and including) the 1H FY21 Results Date.
Total		**91,733,125**	

1.7 Proposed use of funds and key terms and conditions of the Offer

<table>
<thead>
<tr><th>Topic</th><th>Summary</th><th>Section</th></tr>
</thead>
<tbody>
<tr><td>Who are the issuers of this Prospectus?</td><td>Access Innovation Holdings Limited (ACN 122 058 708), a company incorporated in Victoria, Australia and Ai-Media SaleCo Limited (ACN 643 045 961).</td><td>Section 7.1</td></tr>
<tr><td>What is the Offer?</td><td>The Offer contained in this Prospectus is an invitation to apply for 53.2 million Shares that will in part be New Shares issued by the Company and will in part be Existing Shares sold by SaleCo, each at an Offer Price of $1.23 per Share. The Offer is expected to raise approximately $65.5 million.
The Shares being offered to New Shareholders under the Offer will represent approximately 36.2% of the Shares on issue at Completion of the Offer. The free float will be approximately 36.4% of the Shares on issue on Completion of the Offer.</td><td>Section 7.1</td></tr>
<tr><td>What is the proposed use of funds raised under the Offer?</td><td>The funds received under the Offer will be used as follows:
<table>
<thead><tr><th>Use of Funds</th><th>$ million</th></tr></thead>
<tbody>
<tr><td>By SaleCo to pay the Existing Shareholders amounts due to them for the sale of their Shares[1]</td><td>35.5</td></tr>
<tr><td>General working capital</td><td>5.5</td></tr>
<tr><td>Sales and marketing</td><td>5.0</td></tr>
<tr><td>Investment in ongoing Product Development and Platform Automation</td><td>5.0</td></tr>
<tr><td>Payment of ACS Vendor Loan</td><td>2.8</td></tr>
<tr><td>Cash Incentive Scheme</td><td>3.4</td></tr>
<tr><td>Costs relating to the Offer</td><td>5.8</td></tr>
<tr><td>Repayment of shareholder loans</td><td>2.5</td></tr>
<tr><td>Total uses</td><td>65.5</td></tr>
</tbody>
</table>
</td><td>Section 7.1.2</td></tr>
<tr><td>How is the Offer structured and who is eligible to participate in the Offer?</td><td>The Offer comprises:
• the Retail Offer, consisting of the:
– Broker Firm Offer;
– Priority Offer; and
– Employee Gift Offer; and
• the Institutional Offer.
No general public offer of Shares will be made under the Offer.</td><td>Section 7.1.1</td></tr>
<tr><td>Is the Offer underwritten?</td><td>Yes. The Offer is fully underwritten by the Joint Lead Managers.</td><td>Section 9.5.1</td></tr>
</tbody>
</table>

1) This includes an acquisition by SaleCo of options under the Company's previous employee incentive plan and the exercise of those options for Shares.

1. Investment Overview

Topic	Summary	Section
Will the Shares be quoted on ASX?	Ai-Media will apply to ASX for admission to the official list of ASX and quotation of Shares on ASX under the code 'AIM' within 7 days after the Prospectus Date. It is anticipated that quotation will initially be on a normal settlement basis. Completion of the Offer is conditional on ASX approving that application. If approval is not given within three months after such an application is made, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.2
What is the allocation policy?	The allocation of Shares between the Institutional Offer and the Broker Firm Offer, and to participants within the Institutional Offer and Brokers within the Broker Firm Offer, was determined by agreement between the Joint Lead Managers and the Company. In respect of the Broker Firm Offer, it is a matter for each Broker to determine how they will allocate Shares among their eligible retail clients. In respect of the other components of the Retail Offer, the Company may: • in consultation with the Joint Lead Managers, determine the allocation of Shares to participants within the Priority Offer; and • determine the allocation of Shares to eligible participants within the Employee Gift Offer.	Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2.
Is there any brokerage, commissions or stamp duty payable by Applicants?	No brokerage, commission or stamp duty will be payable by Applicants on the acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.9. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.9
How can I apply for Shares?	**Broker Firm Offer Applicants** Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and following the instructions of their Broker who invited them to participate in the Broker Firm Offer. **Priority Offer Applicants** Applicants under the Priority Offer must apply online in accordance with the instructions provided in their Priority Offer invitation made under this Prospectus. **Employee Gift Offer Applicants** Applicants under the Employee Gift Offer must apply online in accordance with the instructions provided in their Employee Gift Offer invitation made under this Prospectus. **Institutional Offer Applicants** The Joint Lead Managers have separately advised Institutional Investors of the application procedure under the Institutional Offer.	Sections 7.3.2, 7.4.2, 7.5.2 and 7.9.1

Topic	Summary	Section
What is the minimum Application size?	The minimum Application size under the Broker Firm Offer and Priority Offer is $2,000 of Shares in aggregate.	Section 7.2
When will Successful Applicants receive their holding statements?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or around 10 September 2020.	Section 7.2
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the allocation and issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).	Section 7.12
Where can I find out more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the Ai-Media IPO Offer Information Line on: • within Australia 1300 344 979; or • outside Australia: +61 3 9415 4082, from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays). If you have any questions about whether or not to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, tax adviser, lawyer or other professional adviser before deciding whether or not to invest.	Section 7.2

2. Industry Overview

FROST AND SULLIVAN MARKET REPORT

2.1 The language services market

This report describes the global language services market. This report has been commissioned from Frost & Sullivan by Access Innovation Holdings Limited (Ai-Media or the Company).

All currency quoted in this report refers to US dollars ($) unless specified otherwise.

2.2 Introduction, background and methodology

Ai-Media is a provider of speech-to-text services primarily for video content[1], including live captioning (subtitling)[2], closed captioning[3], transcription[4] and speech analytics, including services delivered in the original language, as well as those translated into different languages. The Company participates within the global language services industry, and services customers such as broadcast media providers, streaming media providers, education and training providers and producers and managers of corporate events.

This report describes the global language services industry, including the speech-to-text segment in which Ai-Media operates. Information in this report has been drawn from publicly available sources, including governmental statistics, articles, journals and industry reports. Market size estimates and growth forecasts have been developed by Frost & Sullivan based on these sources, and Frost & Sullivan's own estimations. Although the full impact of the 2020 COVID-19 pandemic on the industry is still unclear, market forecasts include an estimation of its likely effect in 2020 and 2021.

2.3 Market definition

2.3.1 Language services

The language services industry provides services that facilitate multi-lingual communication in both oral and written form. Industry participants provide services that expand access to and engagement with video, audio and written content, such as media and entertainment and educational content, to individuals who would not otherwise be able to access it, including the hard-of-hearing and visually impaired, and those not able to fully understand or hear the original language (for example, because it is not their natural language).

Specific services within the industry include text-to-text, speech-to-speech and speech-to-text:

- **Text-to-text** involves the translation or transcreation[5] from one language to another of documents, web pages, etc. This is the largest segment of the language services industry.
- **Speech-to-speech** involves interpreting spoken speech from one language to another, or into sign language for hard-of-hearing individuals. It may be delivered face-to-face, over the phone or video, or at a conference/event. It also includes dubbing, where speech on a pre-recorded video is converted to another language by an actor.
- **Speech-to-text** involves conversion of spoken words to text. The text may be delivered in the form of captions/subtitles or documents/transcripts. Services may be delivered either in the original language or in translated languages, and are delivered through a combination of human intelligence and technology.

Ai-Media is a provider of speech-to-text services, however, through the development of technology-driven services such as synthetic audio[6] it also has the opportunity to participate in the speech-to-speech market.

1) Including live and recorded content delivered over terrestrial TV networks, pay-TV networks and the internet.
2) Live captioning assumes the viewer can hear the audio but requires the dialogue to be provided in text form (e.g. for translation purposes). Captioning can be in the same language as the speech, or a translated language. The terms live captioning and subtitling are used synonymously in this report. Captioning can be delivered in real-time (CART or communication access real-time translation) or on pre-recorded content.
3) Closed captioning assumes the viewer cannot hear the audio, and provides not only a supplement for dialogue but also describes other relevant parts of the soundtrack such as background noises and other audio cues. It is most commonly used to allow hard-of-hearing viewers to gain the maximum benefit from the content. As with live captioning, closed captioning involves dividing text into time-coded caption frames to coincide with the audio.
4) Transcription is the process in which speech is converted into a written document. It is not time coded and is intended to provide an accurate written transcript of scripted and unscripted audio, either in the original or a translated language.
5) Transcreation does not offer a literal translation, but involves conversion of a message from one language to another, while maintaining its intent, style, tone and context. The phrase has historically been used by advertising and marketing professionals looking to transfer the meaning of a message into a new language without losing intended meaning.
6) Synthetic audio is a technology whereby spoken speech is converted to another target language by machine.

2.3.2 Market segments

The language services industry can be segmented geographically (by origin of service provider and buyer) but also by the nature of services provided and by the use of technology in delivering language services. Traditionally, the geographical focus of the industry has been on service providers and customers in North America and Western Europe but increasingly service providers and customers in Asia Pacific are becoming more prominent in the global market, reflecting the strong economic growth in these regions, and particularly the economic growth of populous countries with specific language requirements, such as China and Korea.

2.3.3 Use of technology in language services

Technology platforms are increasingly used in the provision of language services for spoken and written content. The growing use of AI and ML in providing language services is enabling greater efficiency in service delivery, and is allowing services to be delivered remotely by service providers. However, these technologies have not evolved anywhere close to the point where fully automated services can be widely used in professional settings. For example, latest commercial versions of ASR software have an error rate of around 12%, around three times the level of humans, as a result of factors such as use of technical or industry-specific words or phrases which cannot be recognised, use of different accents and dialects in the original speech and background disruptive noise.[7] Technology is therefore mainly deployed in conjunction with human services (a hybrid solution) and can improve the productivity and efficiency of human services. However, a significant portion of language services are still delivered on a completely or partly-manual basis, with only 1-2% of industry revenue estimated to come from fully automated translation.[8] The development of AI and ML is unlikely to be sufficient to allow fully automated services to be delivered in most professional services over the next five years.

Technology platforms are therefore generally used to provide "hybrid services", involving a combination of machine input as well as human input from a re-speaker, translator or captioner. As the quality of output generated via ML improves, through access to an ever-increasing range of data points (corpora), the amount of review and editing required by humans declines, increasing the efficiency and productivity of the workflow. Additionally, the growth in the corpora of work, for example between less common language pairs or reflecting emotion of conversation, makes hybrid services increasingly feasible in these cases. The use of hybrid solutions increasingly reduces the volume of manual work required, providing lower costs and greater efficiency in delivery of services.

2.4 Applications for Speech-to-text services

Speech-to-text services are used in a number of applications, including terrestrial broadcasting and pay-TV, streaming media, education and training and corporate events. These are described in more detail below.

2.4.1 Terrestrial broadcasting and pay-TV

Terrestrial broadcasting is the most established broadcasting technology and involves transmission of TV signals using radio waves to a TV receiver with an antenna. Frequencies are generally allocated by public bodies and service providers are publicly-funded, funded by users through license fees or funded by advertisers. This service is often known as free-to-air (FTA) TV as viewers do not pay directly for the service. Conversely, pay-TV (also known as subscription TV) is delivered through dedicated cable networks or satellites to paid subscribers using specialist decoders allowing them to access the broadcast signal.

Many countries impose regulatory requirements on both FTA and pay-TV broadcasters to provide captioning on their programming, allowing access to hard-of-hearing individuals (see Section 2.5.6). Even when this is not a regulatory requirement, broadcasters may choose to do so to improve engagement among viewers (for example, for viewers in public places where the sound may be muted or cannot be heard).

Whilst terrestrial broadcasting and pay-TV are mature in developed countries, with an ongoing decline in viewing in favour of other media such as streaming media, they remain significant industries. Moreover, growth is occurring in developing

7) GMR Transcription, accessed from https://www.gmrtranscription.com/blog/word-error-rate-mechanism-asr-transcription-and-challenges-in-accuracy-measurement.

8) SDL, year-end results presentation, 2016.

countries as infrastructure improves and a greater proportion of households have a TV. The number of global households with a television has increased to approximately 1.67 billion in 2018, up 19% from about 1.4 billion in 2011.[9]

Globally, there are thousands of terrestrial and pay-TV broadcasters. In the US, as at December 2019, there were 4,041 licensed TV stations.[10] In total, US media companies spent approximately $121 billion on original content (excluding licensed content) in 2019.[11]

Australia has seven commercial and two publicly funded licensed FTA broadcasters, which cumulatively spend about A$2.4 billion ($1.48 billion) on content.[12] Additionally, six pay-TV operators are also subject to captioning regulations.[13]

2.4.2 Streaming media

Streaming media refers to video content sent in compressed form and delivered over the internet, allowing a viewer to watch video content, such as movies, TV shows, sporting or live events, at a time of their choosing, with the content either streamed over the internet or downloaded to a device for subsequent viewing video on demand (VOD). Typically this service is delivered over the public internet and is referred to as over-the-top (OTT) since it can be viewed without needing access to networks owned by pay-TV companies or telecoms service providers. These services are offered by a range of providers, including standalone streaming media providers (e.g. Netflix, Amazon Prime), FTA and pay-TV companies who have established streaming channels (e.g. ABC iView, Foxtel Go) and telecommunications service providers. Globally, there are an estimated 1,200 OTT VOD services operating.

The significant enhancements of internet connectivity (in terms of availability of access and increasing download speeds) over recent years, as well as the rapid increase in available content, have driven strong growth in streaming media services. Service providers are increasingly obliged to provide speech-to-text services such as captioning on their content to meet regulatory access requirements, as well as supporting them to localise content and increase viewer engagement.

The most popular global OTT VOD service is Google's YouTube, which has around 2 billion active monthly users, over 25% of the global population.[14] YouTube is an advertiser-funded service primarily offering short-form content created and uploaded by registered users (user-generated content). It is differentiated from subscription OTT VOD (SVOD) services, such as Netflix and Amazon Prime, that curate and offer licensed content and their own original content, in that YouTube content is typically short-form, not professionally produced and is not acquired or commissioned by YouTube. YouTube provides the ability for those uploading videos to add captions, either manually or through ASR technology (currently available in 10 languages).[15] However, the accuracy of ASR-generated captions on YouTube is still well below the levels achieved by humans.[16]

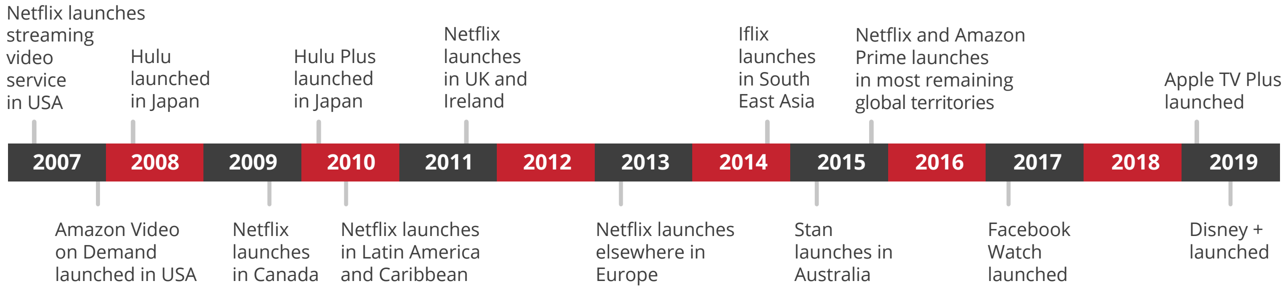
Social networking site Facebook is also increasingly used to watch user-generated videos, for example in news feeds or Facebook Stories. The site has 2.5 billion monthly active users, with around 4 billion daily video views totalling 100 million hours of content.[17] Facebook also enables captions to be added to videos uploaded by users.

Since the launches of Netflix and Amazon Video (now Amazon Prime) in 2007, many OTT VOD services have been launched, including several new global services, as well as those operating regionally or nationally, such as iflix in Asia and Stan in Australia. In 2017, Facebook launched Facebook Watch, an advertiser-funded VOD service initially available in the US. Most recently, in 2019, Apple launched Apple TV Plus, a SVOD service that will be available in over 100 countries,[18] and the Walt Disney Company launched Disney+ in November 2019. The global evolution of main OTT VOD services is summarised below.

9) International Telecommunications Union (ITU).
10) FCC, Broadcast Station Totals as at December 31, 2019, accessed from https://docs.fcc.gov/public/attachments/DOC-361678A1.pdf. Includes UHF and VHF commercial and educational stations, Class A stations and low power UHF and VHF stations.
11) Variety Intelligence Platform, accessed from https://variety.com/2020/biz/news/2019-original-content-spend-121-billion-1203457940/.
12) Free TV Australia, ABC and SBS budgets.
13) Australian Communications and Media Authority, accessed from https://www.acma.gov.au/broadcaster-compliance-TV-captioning-obligations.
14) Business of apps, accessed from https://www.businessofapps.com/data/youtube-statistics/.
15) Google, accessed from https://support.google.com/youtube/answer/2734796?hl=en.
16) The Atlantic, when is a closed caption close enough?, August 2019, accessed from https://www.theatlantic.com/health/archive/2019/08/youtube-captions/595831/.
17) 99 Firms, accessed from https://99firms.com/blog/facebook-video-statistics/#gref.
18) Apple, accessed from https://www.apple.com/au/apple-TV-plus/.

2. Industry Overview

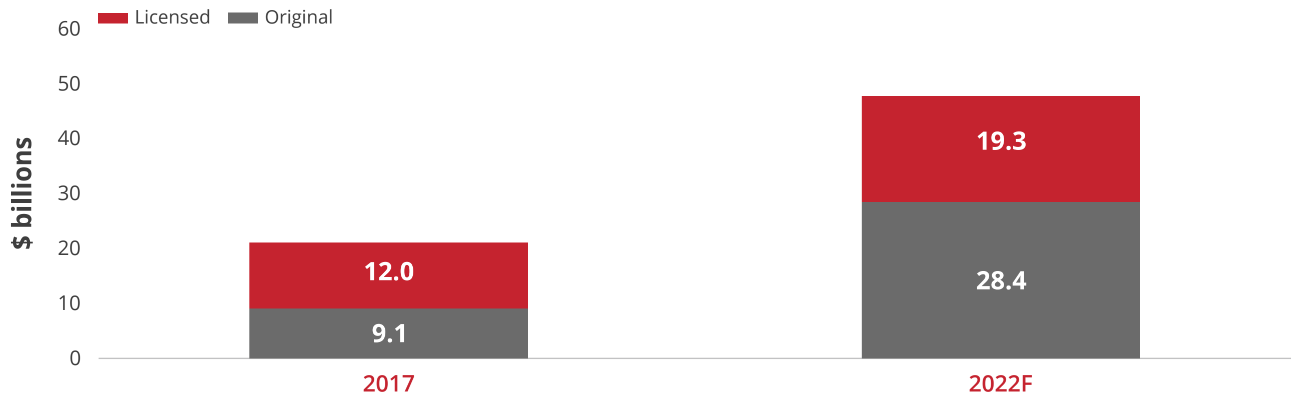
Figure 2.1: Evolution of OTT VOD Services, Global, 2007 to 2019



Source: Frost & Sullivan.

In 2017, global VOD service providers spent an estimated $21.1 billion on content, including $9.1 billion on original content and $12 billion on licensed content. By 2022, this is forecast to increase to $47.6 billion, with 60% being original content.[19]

Figure 2.2: Content Spending by VOD Producers, Global, 2017 to 2022F



Source: AlphaBeta for Netflix, Asia-on-Demand, 2018.

2.4.3 Education and training

Use of speech-to-text services supports engagement by students in educational and training settings, including where the student is physically present in the class/lecture, as well as where it is delivered remotely. Students physically present at a class/lecture may still choose to have it live-streamed to a device with captions, allowing better comprehension of the content.

Education and training services are increasingly delivered remotely, with video playing a key role in delivery of many courses. Course producers are increasingly likely to caption educational and training videos, both to meet regulatory requirements, which are increasingly bringing educational content within the regulations relating to video captioning,[20] as well as to provide greater accessibility to their content. Distance education (DE) involves the education of individuals who are not physically present at the learning facility, such as a university. The use of the online channel (eLearning) to deliver education has dramatically expanded use of DE, with video a key eLearning format. Massive Online Open

19) Alpha Beta for Netflix, Asia-on-Demand, 2018.
20) For example, following cases brought by the National Association of the Deaf against Harvard University, and by various litigants against Massachusetts Institute of Technology, agreed settlements require both institutions to provide high-quality captioning services for all online content, including online courses, pod-casts, and certain live-streamed events, which are accessible to the public through all university and university-sponsored online platforms (https://www.cohenmilstein.com/case-study/national-association-deaf-litigation-v-harvard-and-mit).

Courses (MOOCs)[21] created by universities or other institutions are a rapidly growing segment. By 2018, over 900 universities had launched MOOCs, with a total of 11,400 courses available by end-2018, including 2,000 launched during the year. Over 100 million students globally were enrolled.[22] In 2018, the global eLearning market was estimated at $190 billion, but this will increase to $300 billion by 2025.[23]

2.4.4 Corporate events

Video is also increasingly used for corporate events (such as conferences, corporate meetings and training courses) where the use of captioning improves access to participants, for example for non-English speakers or hard-of-hearing individuals, as well as improving engagement with the content for all participants. Some multinational organisations have internal requirements that meetings involving more than a set number of participants need to be captioned.

Virtual events are accounting for a rapidly increasing share of all corporate events, with the market anticipated to grow from $32 billion in 2016 to $86 billion by 2021.[24] This will also provide a rapidly growing opportunity for speech-to-text services.

2.5 Industry drivers for language services

2.5.1 Overview

A range of factors are driving demand for language services in both the media and entertainment industry and other sectors. A significant industry driver is the rapid increase in consumption of video content through the online channel, and particularly through mobile devices. This is stimulating demand for captioning, given the specific aspects of this channel (for example, that video watched through a mobile device is frequently done so on mute). Additionally, use of captioning is found to increase engagement with video content. While globalisation is driving organisations to serve a wider range of geographical markets, service providers are also looking to increasingly localise their content to make it accessible to a broader range of consumers, driving a need for services such as subtitling.

The media and entertainment industry also has to contend with regulatory requirements that mandate equality of access to content for hard-of-hearing individuals. Legislation and regulations in many markets require that an increasing percentage of content requires captions, including that delivered through new channels (such as VOD), as well as the more established terrestrial and pay-TV sectors. The number of hard-of-hearing individuals globally has reached 6% of the population, and is forecast to nearly double between 2020 and 2050.[25]

A further driver is increasing demand for services outside the media and entertainment industry in sectors such as education and training and corporate events. This is driven both by the regulatory requirements on these sectors to make their content accessible to hard-of-hearing individuals, as well as the increased use of video in these settings, and the need to improve engagement with consumers. Finally, the declining cost of speech-to-text services is making them accessible in a broader range of applications.

These factors are discussed in more detail below.

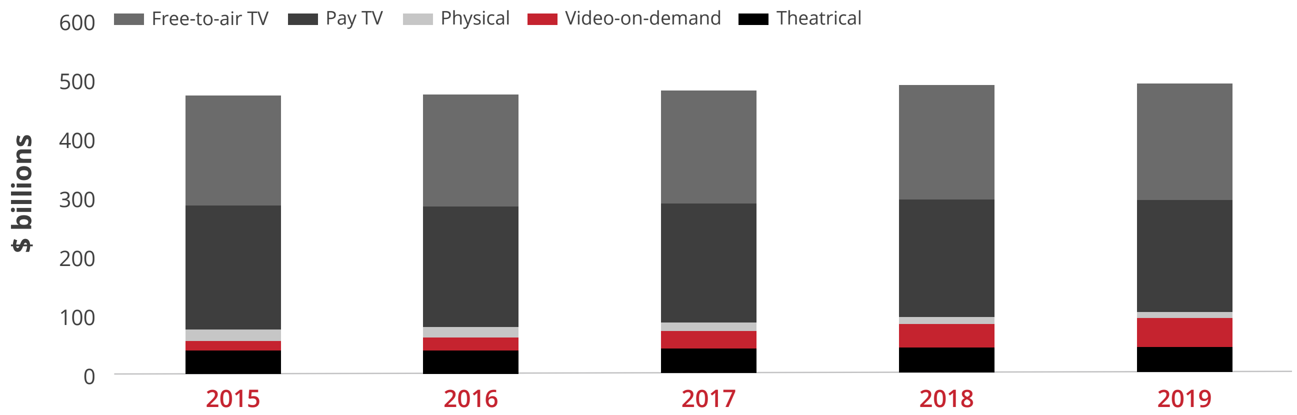
2.5.2 Growth in video content

A major factor driving demand for language services is the significant growth in media consumption, particularly online video, which is driving growth in production, in turn stimulating demand for language services. Globally, the market for video content (including theatrical (cinemas), physical format (DVDs, etc.), VOD, pay-TV and FTA TV) reached around $490 billion in 2019. While certain market segments (such as physical format) are in decline, there is significant growth in the VOD sector.

21) MOOCs are free DE learning programmes delivered over the internet.
22) Class Central MOOC report (accessed from https://www.classcentral.com/report/moocs-stats-and-trends-2018/).
23) Global Market Insights, E-Learning Market, 2018.
24) Technavio, Global Virtual Events Market, 2018.
25) WHO global estimates on prevalence of hearing loss, 2018.

2. Industry Overview

Figure 2.3: Video Content Market, Global, 2015 to 2019

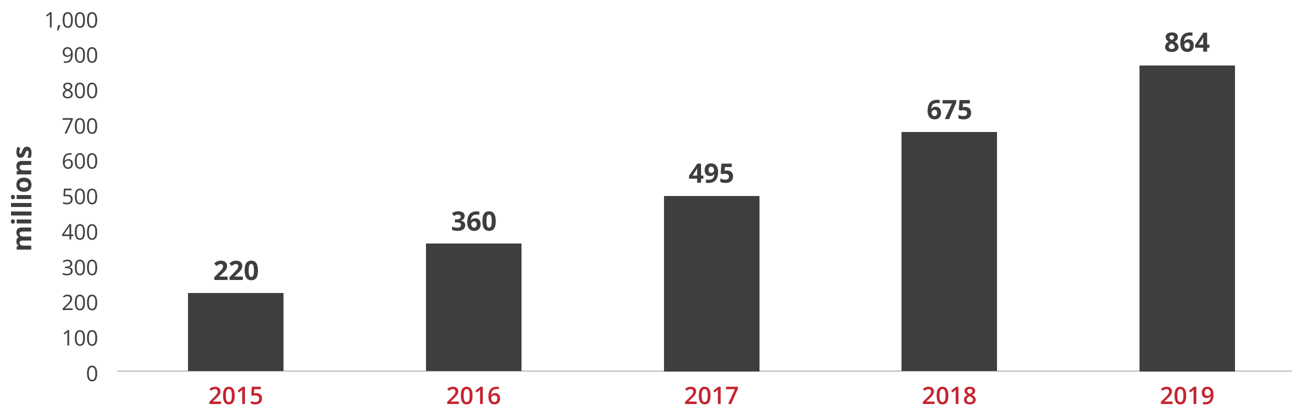


Sources: MPA, Theme Report, 2019; Strategy Analytics (accessed from https://www.broadbandTVnews.com/2018/10/30/TV-to-represent-80-of-global-video-ad-spend-in-2023/).

Market size is based on consumer expenditure on tickets, downloads and subscriptions, and advertising revenue for free-to-air TV.

While the terrestrial and pay-TV markets are relatively mature in developed economies, access continues to increase, especially in developing economies. However, the strongest growth is in consumption of streaming media video content. By 2019, the number of global OTT VOD subscriptions reached 864 million, and has grown at a CAGR of 41% since 2015.[26]

Figure 2.4: Global OTT VOD Subscriptions, 2015 to 2019



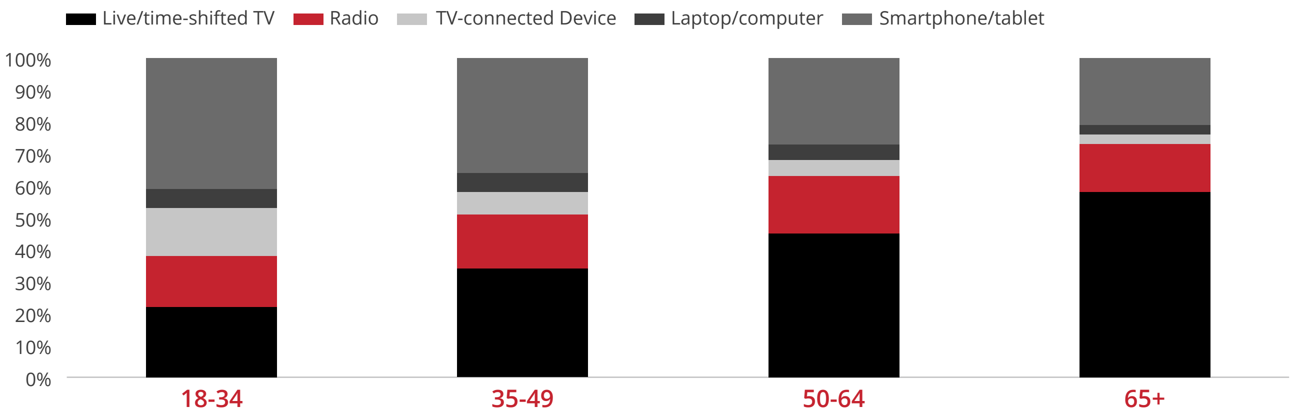
Source: MPA, Theme Report, 2019.

2.5.3 Increased consumption of content through mobile devices

While overall media consumption patterns remain stable, there is a significant trend towards consumption of content through the internet as opposed to the more traditional channels, such as terrestrial or pay-TV, and particularly through mobile devices such as smartphones. In the US, for example, total time spent consuming media (such as radio, video or games) has remained stable at an average of 10.30 hours per day between 2017 and 2018. However, the proportion of time accessing live or time-shifted TV has declined from 42% to 40% among all adults over this period, with the proportion of time accessing smartphones/tablets increasing from 28% to 31%. This shift is particularly dramatic among the 18-34 demographic cohort, with TV access accounting for only 22% of media consumption time, and smartphone/tablet access 41%. TV consumption is still more prevalent in older age cohorts, for example 58% of media consumption among the over 65s, compared to 21% on a smartphone/tablet.[27]

26) MPA, Theme Report, 2019.
27) The Nielsen Total Audience Report, Q3 2018.

Figure 2.5: Share of Daily Media Consumption by Device, US, Q3 2018



Source: Nielsen, Total Audience Report, Q3 2018 (accessed from https://www.nielsen.com/us/en/insights/report/2019/q3-2018-total-audience-report/#).

A global survey identified that between 2016 and 2019, the average time spent viewing video content over the internet increased by 59% to reach 6.8 hours per week. Smartphones are now the main device used to watch online video content, followed by computers, smart TVs and connected devices, and tablets. In 2019, smartphones overtook computers as the main device used to watch video content.[28]

Viewing video content through mobile devices is associated with higher use of captioning, given that the viewer is more likely to be viewing the video mute, or to be in situations where hearing the audio is difficult. The growth in consumption of video content through mobile devices is therefore a significant factor behind the increased use of captioning.

Currently around 5.9 billion individuals globally (about 78% of the population) have a mobile phone, with around 70% of these being smartphones.[29] In 2017, 81% of global smartphone users (85% in Asia Pacific) watched videos or TV shows on their device.[30]

2.5.4 Increasing engagement with content

While captioning is vital to provide accessibility to content for hard-of-hearing individuals, it is also increasingly used by the non-hearing-impaired, providing increased engagement with the content (for example, in increasing length of view time). Use of captioning also benefits online video content, particularly in terms of improving search engine optimisation (SEO).

Captioning has been found to increase engagement with video content among individuals who are not hearing-impaired, including in situations where viewers are unable or unwilling to fully hear the audio. For example, data from Facebook indicates that captioning video advertisements increases video view time by an average of 12%.[31] While 91% of captioned videos are watched to completion, only 66% of non-captioned ones are.[32] In fact, 85% of Facebook videos are watched on mute.[33]

A research study in the UK identified that a significant proportion of non-hard-of-hearing individuals actually prefer to use captions, with 80% of captioning users not hearing-impaired.[34] A US survey similarly identified that 80% of caption users are not hearing-impaired, 69% of consumers view video with sound muted in public places, and 25% even mute the sound in private places. 80% of consumers report that they are more likely to watch an entire video when captions are available.[35]

28) Limelight Networks, the State of Online Video, 2019.
29) Ericsson Mobility Report, 2019.
30) Frost & Sullivan estimate based on IAB, Always On – A Global Perspective of Mobile Consumer Experience, 2017.
31) Facebook internal data, accessed from https://www.facebook.com/business/news/updated-features-for-video-ads.
32) https://www.uscreen.TV/blog/7-reasons-videos-need-subtitles-infographic/.
33) https://99firms.com/blog/facebook-video-statistics/#gref.
34) Ofcom, Television access services, Review of the code and guidance (accessed from https://www.ofcom.org.uk/__data/assets/pdf_file/0016/42442/access.pdf).
35) Verizon Media and Publicis Media Relationship of Video, Sound and Captions Insights Study, April 2019 (accessed from https://b2b.verizonmedia.com/c/verizon-media-sound--1?x=vOJKbY&utm_source=blog&utm_medium=website&utm_campaign=pftarget).

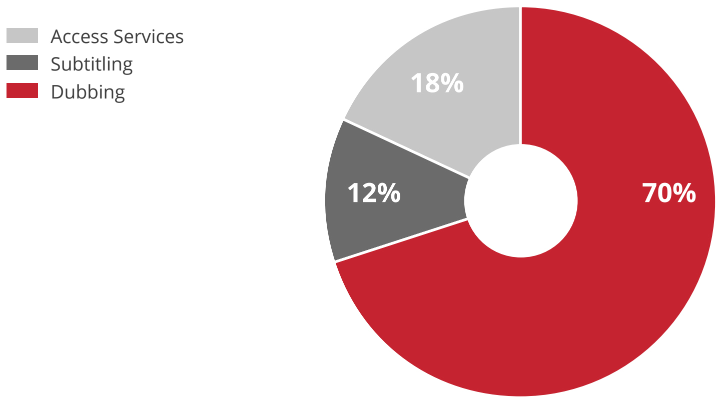
Use of subtitles significantly assists SEO, as search engines can only crawl for text associated with a video. Subtitles increase the keyword depth of a video, as content is indexed by keywords that do not appear in titles, tags or descriptions. SEO is also supported by the enhanced video engagement (for example, in watch time) that subtitling offers.

2.5.5 Localisation of content

Service providers are increasingly seeking to localise their content. Localisation involves the trend towards making content accessible to a broad range of individuals, and in the case of online video content, particularly to those for whom English is not a first language. Localisation activities involve captioning video in the original language (assisting those who may not fully comprehend it), captioning in a translated language or audio dubbing the video into a translated language. Localisation is a major strategy of many content providers operating globally, with service providers also actively expanding their content libraries with both original and licensed content. In an increasing number of cases, content is being licensed from or produced in non-traditional markets, such as China or Korea. International content licensing drives a rapidly growing market for localisation services. For example, US-based Netflix, which offers video-on-demand services in 190 countries and territories worldwide, currently offers subtitles in over 20 languages, making a much broader range of content available to subscribers, especially non-English speaking ones. In 2017, Netflix introduced its HERMES tool to support localisation, the first online subtitling and translation test and indexing system by a major content creator. HERMES was designed to give Netflix's localisation partners access to a base of translators of appropriate quality standards.[36] However, the HERMES platform was closed in 2018, with Netflix's localisation partners now using their own translator onboarding processes.[37]

In 2018, expenditure on content localisation in the television, movie and video sector in Europe, Middle-East and Africa (EMEA) exceeded $2.3 billion and is growing at 5-8% per annum.[38] Globally, the media content localisation market is valued at around $3 billion, and growing at 10% per annum. Dubbing services account for around 70% of expenditure, with subtitling accounting for 12% and access services (such as closed captioning, audio description[39] and sign language) 18%.[40]

Figure 2.6: Media Content Localisation Expenditure by Type, Global, 2018



Source: ZOO Digital, New York City Investor Conference, 12th December 2019.

36) Netflix, accessed from https://netflixtechblog.com/the-netflix-hermes-test-quality-subtitling-at-scale-dccea2682aef.
37) Slator, accessed from https://slator.com/demand-drivers/why-netflix-shut-down-its-translation-portal-hermes/.
38) Media & Entertainment Services Alliance, MESA, The Status of the Content Localisation Industry: Dynamic, Challenging & Poised for Continued Growth, accessed from https://www.mesaeurope.org/wp-content/uploads/2019/06/Content-Localisation-Press-Release-May-2019.pdf.
39) Audio description is the auditory narration of visual representations such as television programs, films and live performances. It is particularly beneficial to people who are blind and vision impaired and people with print, learning and physical disabilities (Media Access Australia).
40) ZOO Digital, New York City Investor Conference, 12th December 2019.

2.5.6 Regulatory requirements mandating access

A major driver for language services is the regulatory requirement in many jurisdictions for content providers to provide equal access to hard-of-hearing individuals, driving growth in captioning services. The UN Convention on the Rights of Persons with Disabilities and its Optional Protocol (A/RES/61/106) was adopted on 13 December 2006, and currently has 163 signatories, including Australia, the US, the UK and Canada. The Convention clarifies and qualifies how all categories of rights apply to persons with disabilities, including those who are hard-of-hearing. These rights include providing equal access to information and opportunities.

At a national level, jurisdictions have created legal frameworks that mandate accessibility to content for hard-of-hearing individuals, including through the provision of captioning in TV and video content, with potential penalties for failure to meet these requirements. Examples of relevant legislation and regulations in specific countries are given below.

Table 2.1: Captioning Requirements by Country, 2020

Country	Regulatory Body	Captioning Requirements	Penalties
US	FCC	Video programming distributors (VPDs) – cable operators, broadcasters, satellite distributors and other multi-channel video programming distributors – must close caption their programmes (with some limited exceptions) in the original language, adhering to specified captioning standards	Potential fines and administrative judgements for failure to meet captioning rules
Australia	ACMA	FTA broadcasters must caption all programs shown from 6am to midnight, and all news programs, with some limited exceptions. Pay-TV operators have separate targets regarding the percentage of content by type that needs to be captioned that increases by year	ACMA can institute a range of measures including enforceable undertakings, and remedial directions
UK	Ofcom	FTA and subscription broadcasters have to meet captioning quota requirements, which depend on the type of broadcaster, ranging up to 100% of all programs for public broadcasters	Ofcom can impose penalties including fines for failure to adhere to the Code
Canada	CRTC	Most broadcasters are required to caption 100% of their programs over the broadcast day (from 6am to midnight), with specific accuracy and quality standards	Failure to comply can involve additional monitoring, and possibly administrative monetary penalties

Sources: FCC; ACMA; Ofcom; CRTC.

2.5.6.1 United States

The Americans with Disabilities Act (**ADA**) was signed into law in 1990. The ADA has five sections (titles), each covering different aspects of a disabled person's engagement with society. Title II (Public Entities) provides that public entities such as schools, courts, police departments, etc. must provide auxiliary aids and services when necessary to ensure effective communication with disabled persons. Title III (Public Accommodations) provides that commercial facilities must provide disabled persons with the full and equal enjoyment of the goods, services, facilities, or accommodations provided. While the ADA does not specifically cover captioning, it does require "auxiliary aids" in communications, and this has driven significant growth in use of captioning.

In 2010, the Twenty-First Century Communications and Video Accessibility Act (CVAA) was signed into law, which updated the ADA to increase the access of disabled persons to modern communications technologies, including broadband and mobile innovations. The CVAA required programming originally broadcast on TV to also be captioned when distributed on the internet, among other captioning requirements, although it did not specifically refer to content distributed only via the internet.

Rules governing captioning in TV broadcasting and video are managed by the Federal Communications Commission (**FCC**). These rules include a series of rules for captioning, which require video program distributors (such as cable operators, broadcasters, satellite distributors, and other multichannel video programming distributors) to caption their programming.

Although the ADA and CVAA do not specifically address online-only video accessibility, a series of legal cases have revealed an increasing trend towards mandating accessibility to hard-of-hearing individuals. For example, a 2010 case (National Association of the Deaf (NAD) vs. Netflix) ruled that streaming service provider Netflix was a public accommodation despite the absence of physical premises, with Netflix settling with a legally binding guarantee to caption 100% of its content within two years.

2.5.6.2 Australia

In Australia, the 1992 Broadcasting Services Act (BSA) allowed Parliament to enact codes of practice including captioning of programmes. The current code of practice requires captioning of all programmes broadcast between 6am and midnight, with exemptions for certain types of content. A 2012 amendment to the BSA required subscription TV operators to gradually increase the quota of their programming that is captioned. Rules governing captioning of broadcast TV and subscription TV content are managed by the Australian Communications and Media Authority (ACMA), with broadcasters required to provide annual reports covering their use of captioning.

2.5.6.3 UK

Section 303 of the Communications Act (2003) relates to provision for the deaf and visually impaired, and places responsibility on the Office of Communications (Ofcom) to draw up and manage a code to ensure accessibility to hard-of-hearing individuals, requiring 10-year targets for subtitling, signing and audio description by broadcasters (including pay-TV providers), as well as five-year targets for subtitling only. The code sets out minimum obligations on broadcasters related to the percentage of their programming that they subtitle, which has now reached a minimum of 80%, except for BBC channels (100%) and ITV and Channel 4 (90%).

The Equality Act of 2010 includes reference to TV services, requiring service providers to make "reasonable adjustments" to ensure hard-of-hearing individuals are not left at a disadvantage. This act applies to all employers and service providers.

2.5.6.4 Canada

The Broadcasting Act (1991) requires that, within the Canadian broadcasting system, accessible programming be provided as resources become available. Captioning regulations are managed by the Canadian Radio-telecommunications and Telecommunications Commission (CRTC), which issued Public Notice 2007-54 in 2007 introducing a new policy requiring broadcasters to caption 100% of their programmes over the broadcast day. Two closed caption working groups were established (one for English and one for French) to develop captioning standards that would provide high-quality and consistent captioning in both languages. Mandatory captioning standards in both languages were introduced in 2012.

2.5.6.5 Other countries

Most developed countries have captioning requirements for broadcast content. However, in many developing countries regulations are also being introduced, which is further stimulating the market for captioning services. For example, in the Philippines, TV stations are required to provide captioning under Republic Act 10905, passed into law in 2016, with a five-year period for implementation to reach 100% of programmes.[41] In India, in 2019 the Ministry of Information and Broadcasting announced the implementation of Accessibility Standards for Persons with Disabilities in Television Programmes, requiring service providers to deliver subtitles/closed captioning/sign language across specified television programmes. Specific targets for implementation will be agreed with industry stakeholders.[42]

41) Republic Act 10905 (sourced from https://laws.chanrobles.com/republicacts/110_republicacts.php?id=10690).
42) Government of India, Ministry of Information and Broadcasting, Accessibility Standards for Persons with Disabilities in Television Programmes, 2019.

2.5.6.6 Web content accessibility guidelines

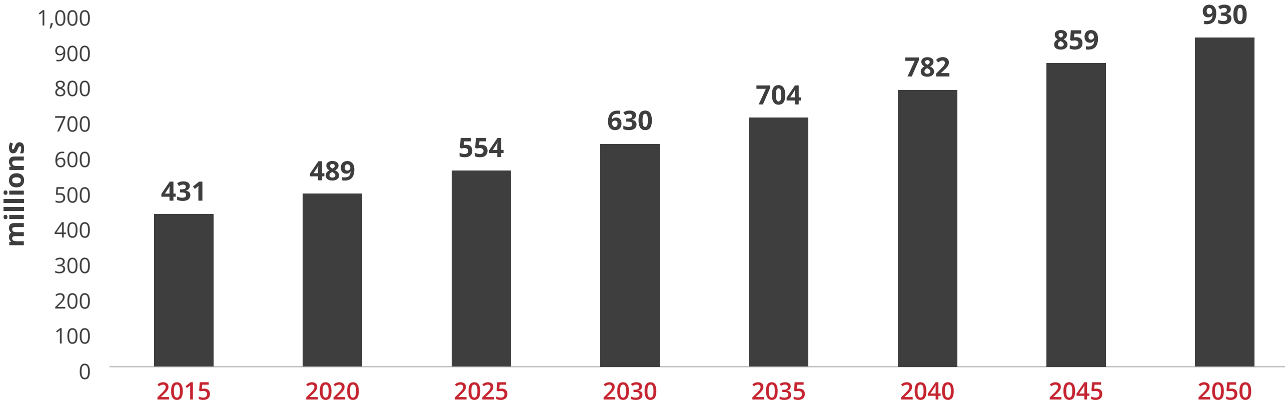
In addition to captioning regulations, Web Content Accessibility Guidelines (WCAG) can provide a legal requirement for countries and organisations to make content, including audio-visual content, on the internet accessible for people with disabilities, for example through use of captions for hard-of-hearing individuals. They are developed by the Web Accessibility Initiative (WAI) of the World Wide Web Consortium (W3C), which is the principal standards organisation for the internet. The WCAG have undergone a series of revisions and updates since first published, most recently with the introduction of WCAG 2.1 in 2018. The Guidelines lay out a series of levels by which a website operator can determine the degree to which they conform to WCAG requirements (level A, level AA and level AAA).

In various countries, the requirement to meet WCAG has been transposed into legislation or regulations. For example, in the European Union (EU), the Web Accessibility Directive in 2016 required all public sector web sites and applications in member states to meet accessibility guidelines, based on WCAG 2.1 level AA standards. The deadlines for compliance range up to June 2021 for mobile applications. In the US, courts have ruled that failure to meet WCAG standards places an organisation in breach of the ADA.[43]

2.5.7 Growth in the hard-of-hearing population

Hard-of-hearing individuals represent a significant and growing percentage of the world's population. Based on the World Health Organization (WHO) definition of disabling hearing loss (DHL) (hearing loss greater than 40 dB in the better hearing ear in adults (15 years or older) and greater than 30 dB in the better hearing ear in children (0 to 14 years)), in 2018 466 million people (6.1% of the global population) were hard-of-hearing. By 2050, this is forecast to increase to 930 million people.[44]

Figure 2.7: Number of People with DHL, Global, 2015 to 2050



Source: WHO global estimates on prevalence of hearing loss, 2018.

2.5.8 Use in additional applications

Outside the media and entertainment sector, the language services market is also being stimulated by growing demand in sectors such as education and training and corporate events. In both of these sectors, video is increasingly being used to service participants virtually through live-streamed or recorded content. Factors stimulating this include the inclusion of educational content within the regulatory frameworks related to access for hard-of-hearing individuals, and the desire among providers to broaden access to the service or event.

43) Gil vs. Winn-Dixie stores, 2017 (accessed from https://scholar.google.com/scholar_case?case=6744502269111605689&q=257+F.Supp.3d+1340&hl=en&as_sdt=20006).

44) WHO global estimates on prevalence of hearing loss, 2018.

2.5.9 Declining cost of services

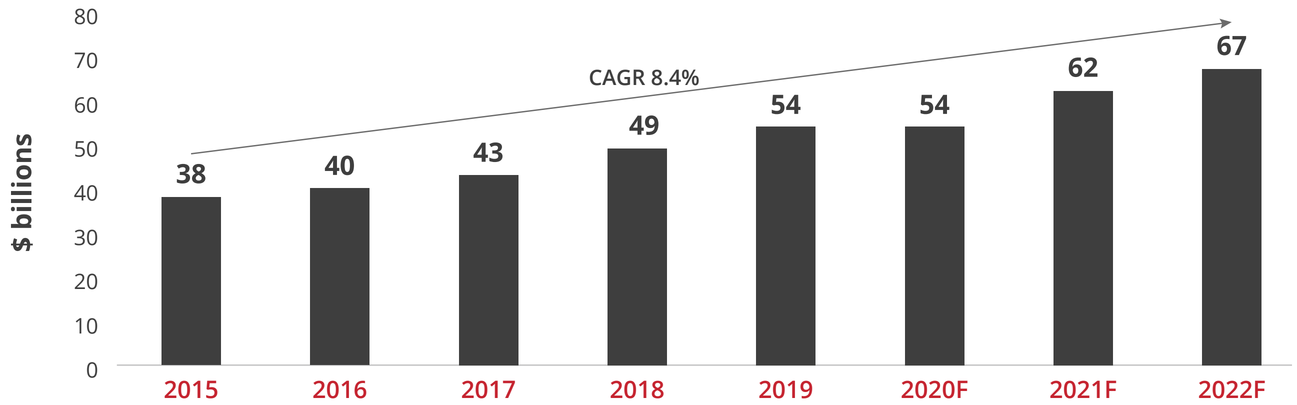
The declining cost of speech-to-text services, partly enabled by technology advancements, is making them accessible in a broader range of applications as the return-on-investment (ROI) calculation for users becomes increasingly positive. For example, current costs of captioning typically range from as low as $60/hour up to $300/hour (depending on the nature and length of the content),[45] whereas 20-25 years ago captioning costs of $2,000/hour were quoted.[46]

2.6 Market size and growth

2.6.1 Language services market

Globally, the language services market (equating to revenue for language services providers) was estimated at $54 billion in 2019, and will grow to $67 billion by 2022, with a CAGR of 8.4% between 2015 and 2022F.[47] This market growth is significantly higher than global GDP growth over this period,[48] and reflects the growth drivers that are stimulating demand for language services. In 2020, global GDP growth is forecast at -3.0% as a result of the COVID-19 pandemic,[49] however the language services market is anticipated to be flat in 2020, with a strong rebound in growth in 2021.

Figure 2.8: Language Services Market Size, Global, 2015 to 2022F

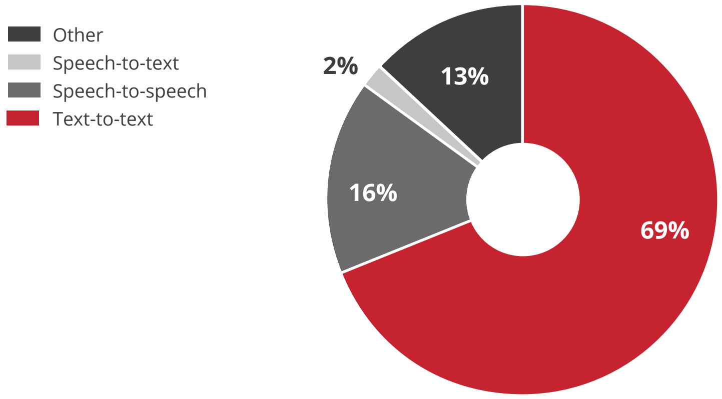


Sources: Nimdzi 100 Report, 2020; Frost & Sullivan.

Text-to-text services are estimated to comprise 69% of the language services market, followed by speech-to-speech at 16%. The balance is comprised of speech-to-text (subtitling, transcription) and other services. This excludes non-translated speech-to-text services.

45) Ai-Media (accessed from https://blog.Ai-Media.TV/blog/what-impacts-price-of-captions).
46) FCC record, Volume 11, Number 34 (accessed from https://books.google.com.au/ https://books.google.com.au/ books?id=H67OjDKuLb4C&pg=PA19235&lpg=PA19235&dq=cost+of+captioning+per+hour+in+2000&source=bl&ots=AnfVxfo8Wt&sig=ACfU3U2rJ7lXh__a9H63TyT2diPzFykL6w&hl=en&sa=X&ved=2ahUKEwjWloiQgMHoAhXZxzgGHfxaD20Q6AEwC3oECAkQAQ#v=onepage&q=cost%20of%20captioning%20per%20hour%20in%202000&f=false).
47) Nimdzi 100 Report, 2020; Frost & Sullivan.
48) Global GDP growth averages 2.8% between 2015 and 2021F (IMF, World Economic Outlook Database, April 2020).
49) IMF, World Economic Outlook, April 2020 (accessed from https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020).

Figure 2.9: Language Services Market by Service Segment, 2020

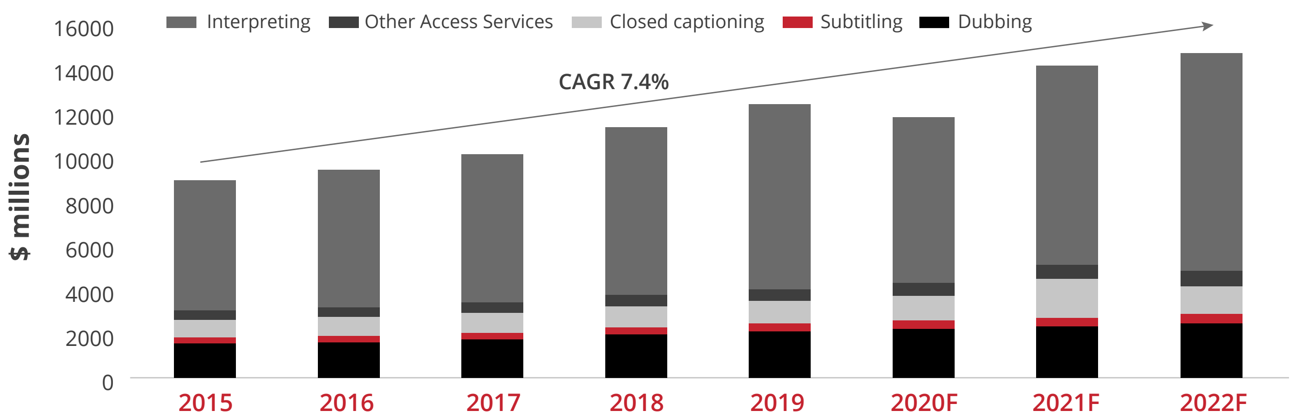


Source: Frost & Sullivan.

2.6.2 Addressable market for Ai-Media

The addressable market for Ai-Media includes segments that the Company already serves (such as captioning and transcription), as well as segments that may be addressed through developing services such as synthetic audio (which will allow Ai-Media to participate in speech-to-speech services, such as interpreting and dubbing). In 2020, the total addressable market is forecast at $11.8 billion (a drop of about $1.3 billion from previous forecasts as a result of the COVID-19 pandemic), increasing to $14.7 billion in 2022 at a CAGR of 7.4% between 2015 and 2022.[50]

Figure 2.10: Addressable Market by Service, Global, 2015 to 2022F



Source: Frost & Sullivan.

2.6.3 Impact of COVID-19

While the full impact of COVID-19 on language services is still unclear, the pandemic is likely to have both negative and positive impacts for the industry. In the short-term (remainder of 2020), the cancellation/postponement of live events (such as company meetings and conferences) and live lectures/training courses, and reduction in corporate expenditure, are likely to have a negative impact, particularly on interpreting services (60% of which was previously undertaken in face-to-face settings). Conversely, speech-to-text services such as captioning and subtitling are likely to be relatively unaffected, particularly in the broadcast sector, as these are largely governed by regulatory requirements. Streaming media providers are also seeing a significant boost to subscriber numbers, which is likely to feed through to enhanced content expenditure, driving increased demand for content localisation.

50) Frost & Sullivan.

In the longer term (2021 onwards), the industry is likely to benefit from the economic recovery (for example, as postponed events are rescheduled) and from an accelerated shift towards virtual events and education. Additionally, the economic benefits to media and entertainment businesses, such as streaming media providers, from increased subscriber numbers are likely to lead to enhanced expenditure on content on an ongoing basis, increasing demand for media localisation services. A significant boost is therefore anticipated in 2021.

2.7 Competitive environment

2.7.1 Overview

The global language services market is fragmented, with an estimated 18,500+ service providers operating, and the top 100 by revenue only accounting for 14.5% of industry revenue in 2019. Three service providers have revenues over $500 million: US-based TransPerfect, Lionbridge and Language Line Solutions. These companies focus on translation and interpreting services. Europe is the home of a majority of service providers but the strongest growth rates are from service providers in Asia, with average revenue growth of 16.5% in 2019.[51]

Main industry participants

Speech-to-text service providers offer services including live and closed captioning in the original language, subtitling in translated language(s) and transcription (original or translated). Many also offer additional media services, such as dubbing and other access services.

In addition to Ai-Media, the 15 leading industry participants offering speech-to-text services (translated, non-translated and both) are summarised below. Most companies are privately owned and revenue data is not published. In these cases, revenue has been estimated by Frost & Sullivan. In some cases, this includes revenue derived from additional services to speech-to-text.

Table 2.2: Leading Speech-to-Text Services Providers, 2020

Company	HQ	Ownership	Revenue	Comments
3Play Media	US	Private	$15 million (2019 estimate)	Provide closed captioning, transcription, audio description, and subtitling solutions. 50 employees, 2,500 customers
CaptionMax	US	Private	$10 million (2019 estimate)	Offers captioning and transcription services
Iyuno Media Group (merged with BTi Studios in 2018)	UK	Private (private equity)	$170 million (2019 estimate)	Provides media services including dubbing and subtitling. 300,000 hours of subtitled content delivered per year
National Captioning Canada	Canada	Private	N/A	Largest captioning services provider in Canada
National Captioning Institute	USA	Non-profit	$20 million (2019 estimate)	Offers captioning, transcription and other access services
QuickCaption	US	Private	N/A	Offers captioning services
Red Bee Media	UK	Subsidiary of Ericsson (Sweden)	$300 million (2019 estimate)	Provides captioning services as part of broad portfolio of media services. 230,000 hours of captioning delivered per year

51) Nimdzi 100 Report, 2020.

Company	HQ	Ownership	Revenue	Comments
Rev.com	US	Private	$70 million (2019 estimate)	Transcription and subtitling services, AI based. Claims more than 170,000 customers globally
SDI Media	US	Private (acquired by Japanese consortium in 2015)	$211 million (2019 estimate)	Provides media localisation services, offering dubbing, subtitling, and media services
Transcribe Me	US	Private	$6 million (2019 estimate)	Offers transcription and translation services
Verbit	Israel	Private	$5 million (2019 estimate)	Offers transcription and captioning services, AI based
VITAC Corporation	US	Private equity	$70 million (2019 estimate)	Offers captioning/subtitling and other access services. Captions more than 580,000 hours of live programmes annually. Claims to be largest captioning service provider in the US
Voxtab	US	Subsidiary of Crimson Interactive	N/A	Offers closed captioning, subtitling and transcription services
ZOO Digital	UK	Public (LSE)	$22 million (2019) – localisation services only	Offers dubbing, subtitling and other access services

Sources: Nimdzi 100 Report, 2020; company websites and annual reports; press information; Frost & Sullivan estimates.

2.8 Conclusion

Language services industry participants provide services that expand access to, and engagement with video, audio and written content, including media and entertainment, educational and corporate content, to individuals who would not otherwise be able to access it, including the hard-of-hearing, and those not able to listen to or fully understand the original language. Services offered include text-to-text, speech-to-speech and speech-to-text. Speech-to-text includes services such as live and closed captioning and transcription.

The market for language services is being driven by a range of factors, including the rapid increase in consumption of video content through the online channel, and particularly through mobile devices; the additional level of engagement that features such as captioning provide; the combination of globalisation and localisation; regulatory requirements that mandate equality of access to content for hard-of-hearing individuals; increasing demand for services outside the media and entertainment industry in sectors such as education and training and corporate events; and the declining cost of speech-to-text services, which is making them accessible in a broader range of applications, particularly as technology advancements allow services to be delivered more effectively.

Globally, the language services market is estimated at $54 billion in 2019 and will grow to $67 billion by 2022, with a CAGR of 8.4% between 2015 and 2022F.[52] This is around three times the forecast rate of global GDP growth[53] and reflects the growth drivers that are stimulating demand for language services. The bulk of the market is accounted for by text-to-text and speech-to-speech services, however speech-to-text is the fastest growing segment, growing at almost 10% annually. Overall the addressable market for Ai-Media (including speech-to-text and speech-to-speech services) is estimated at $11.8 billion in 2020, with growth of 7.4% CAGR between 2015 and 2022F.[54]

The language services industry is relatively fragmented, with over 18,500 industry participants estimated to be operational globally. In the speech-to-text segment, Ai-Media is among the largest service providers.

2.9 Disclosure

This is an expert report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Access Innovation Holdings Limited and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO.

52) Nimdzi 100 Report, 2020; Frost & Sullivan.
53) Global GDP growth averages 2.8% between 2015 and 2021F (IMF, World Economic Outlook Database, April 2020).
54) Frost & Sullivan.

3. Company Overview

3. Company Overview

3.1 Introduction to Ai-Media

Ai-Media is a leading global media access provider with operations in four key regions: Australia and New Zealand; North America; EMEA and Asia. Ai-Media utilises its cloud-based technology platform to provide live and recorded captioning, transcription, subtitles, translation and speech analytics. Ai-Media currently actively provides this content in six languages but has the capability to make this content available in over 120 languages.

Ai-Media operates across three key product lines:

- Live Enterprise;
- Live Broadcast; and
- Recorded.

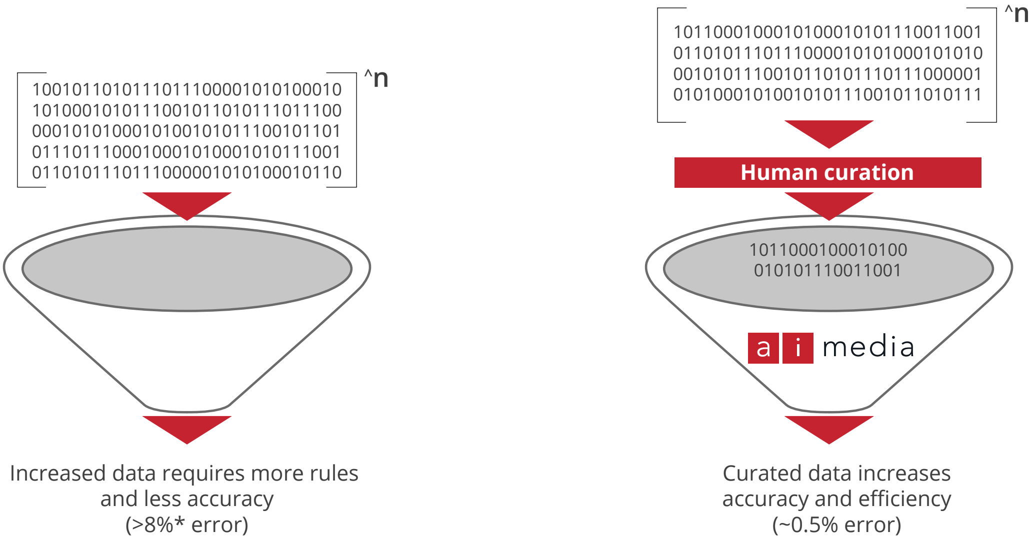
In FY20F Ai-Media had over 2,200 customers ranging from broadcasters, government and non-government organisations, multinational corporations, conferences, universities, schools, small businesses and individuals. These customers were serviced using Ai-Media's 160 full-time staff and a global workforce of over 2,000 casual, crowd-sourced freelancers and contractor personnel.

Ai-Media's growth strategy is to continue its strong growth in regions such as North America, EMEA and Asia. Ai-Media is also focused on continued investment in its secure, scalable, cloud-based technology platform and product innovation. Ai-Media will continue to consider strategic acquisition opportunities that complement Ai-Media's current business operations.

Since 2009, Ai-Media has spent more than $50 million on developing a cloud-based captioning, transcription and translations technology platform that utilises a combination of artificial intelligence, machine learning and crowd-sourced human intelligence to provide live captioning and translations in over 120 languages to customers globally with greater than 99% accuracy. These high levels of accuracy are a competitive advantage of Ai-Media and result primarily from Ai-Media's internally developed captioning method which combines human curation with machine capabilities. Ai-Media sources the human aspect of its captioning service from its own employees and a globally located and scalable crowd of freelancers who curate spoken content as part of Ai-Media's process. Human curation, combined with use of technology allows Ai-Media to meet its customers need for high quality captions and translations versus using machines alone.

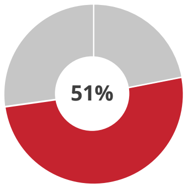
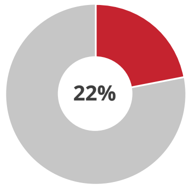
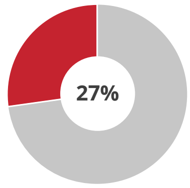
Ai-Media has experienced strong revenue growth since its establishment in 2003. Ai-Media has forecast a pro forma revenue CAGR of approximately 26% in the 10 years to 30 June 2020. Ai-Media expects strong growth to continue over the forecast period as a result of regulatory tailwinds, growth in customers, expansion within its growth markets and focus on technical efficiencies. Ai-Media forecasts pro forma services revenue will increase by approximately 16% from FY19 to FY20F and approximately 20% from FY20F to FY21F.

Figure 3.1: Use of human curation



* Based on NER captioning quality assessments utilising the scores from the best-performing ASR engines as tested by Ai-Media in FY20.

Table 3.1: Overview of key product lines

	Live Enterprise	Live Broadcast	Recorded
2020 Revenue[1]			
YoY Growth[2]	**83%**	**3%**	**25%**
Service description	Live captions and interpreting in real time	Live captions in real time for broadcasters	High-quality recorded captions, subtitles, transcripts and audio description
Products	• Remote CART[3] Captions • Onsite CART Captions • Live Streaming Captions • Interpreting	• Live Broadcast Captions	• Captions • Transcripts • Localisation • Audio Description
Typical customer type[4]	Global businesses, universities, schools, governments and non-government organistations and events	Global and domestic broadcasters and OTT streaming networks	Global businesses, universities, schools, government and non-government organisations, SMEs and individual content producers, events, global and domestic broadcasters, OTT streaming services
Revenue model	Contracts with time-based charges		

3.2 Company history

Ai-Media's business was founded in 2003 by Tony Abrahams and Alex Jones with the mission to improve accessibility and inclusion in the deaf and hard-of-hearing community. Tony, having returned from a Rhodes Scholarship at Oxford University, was looking to make a meaningful impact on the world. Alex was born deaf and grew up without the same level of access to daily tasks as his hearing friends. Both sought to end the experience of social, educational and vocational exclusion faced by people with a disability or disadvantage. This materialised through the creation of Ai-Media, an advocate for the inclusion of all, through technology and social innovation. Tony and Alex were motivated by the belief that by enabling people to read what is being said, as it is being said, they could transform the lives of millions of people.

Ai-Media commenced operations as an offline broadcast captioning business, with Foxtel as its foundation customer. The Company's product suite diversified over time and pivoted into a product offering real time speech-to-text captioning called 'Ai-Live'. Ai-Live was a service offered to mainstream school classes, designed to assist deaf students to follow what the teacher was saying by providing a stream of captions on a screen in real time. This offering evolved into the product Ai-Media now offers to broadcasters, corporations, conferences, universities, schools, small businesses and individuals across the world with a similar goal but now for everyone, not just the hard-of-hearing: providing access, improving retention and maximising attention.

1) FY20F pro forma, inclusive of ACS and Ai-Media Revenue. Figures shown exclude other revenue. Source: Unaudited management accounts.
2) ACS is predominantly Live Enterprise business. The YoY Growth shown for Live Enterprise in FY20F is for Ai-Media Only. The Pro Forma YoY growth for Live Enterprise including ACS is 21%. Source: unaudited management accounts.
3) Communication Access Real-Time Translation.
4) Customer types are not listed in order of significance.

3. Company Overview

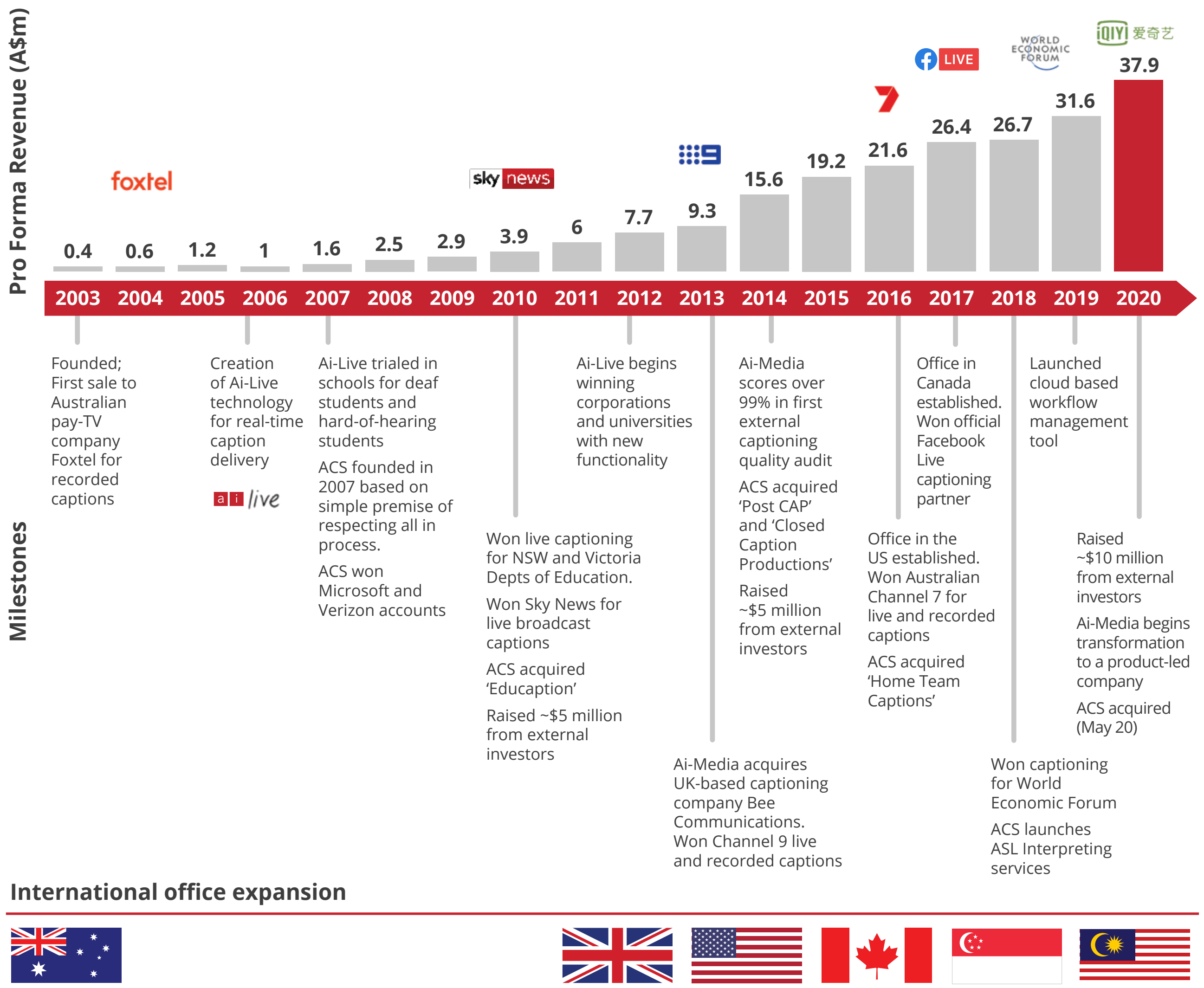
Since 2009, Ai-Media has invested over $50 million in its technology platform, of which approximately $40 million has been funded through internally generated cashflows. This investment has enabled Ai-Media to successfully expand through:

- ✓ expanding into new geographies and industry segments;
- ✓ continuously innovating and enhancing its product offering;
- ✓ making strategic 'bolt-on' acquisitions; and
- ✓ investing in people.

Ai-Media's continued investment has allowed Ai-Media to effectively scale its technology platform by entering into new geographies and successfully disrupting incumbents. While international expansion has been a key pillar of its recent growth, Ai-Media continues to expand in the Australian market through the growth of existing accounts and by winning competitive tenders.

Key milestones in Ai-Media's history are set out in Figure 3.2.

Figure 3.2: Company Timeline[5]



5) Revenues are based on a June 30 Financial Year End, ACS revenue included on a pro forma basis, Average annual AUD:USD exchange rate for each year used to convert ACS revenues to AUD. Ai-Media unaudited revenues FY03-FY12, audited revenues FY13-FY19 and forecast revenue FY20. ACS unaudited revenues FY07–FY17, audited revenues FY18 & FY19 and forecast revenue FY20F.

3.3 ACS acquisition

A key milestone in Ai-Media's history occurred in 2020 with the acquisition of Chicago-based Alternative Communication Services, LLC (**ACS**). ACS is a leading US provider of speech-to-text captioning and sign language services in North America, with more than 800 customers, including leading corporates and government organisations. ACS provides services similar to Ai-Media and the acquisition of ACS was completed to complement Ai-Media's organic sales growth in the North American market.

This acquisition provides Ai-Media with:

- the scale and scope to enable greater participation in the growing North American language services market; and
- increased the size and diversity of its customer base.

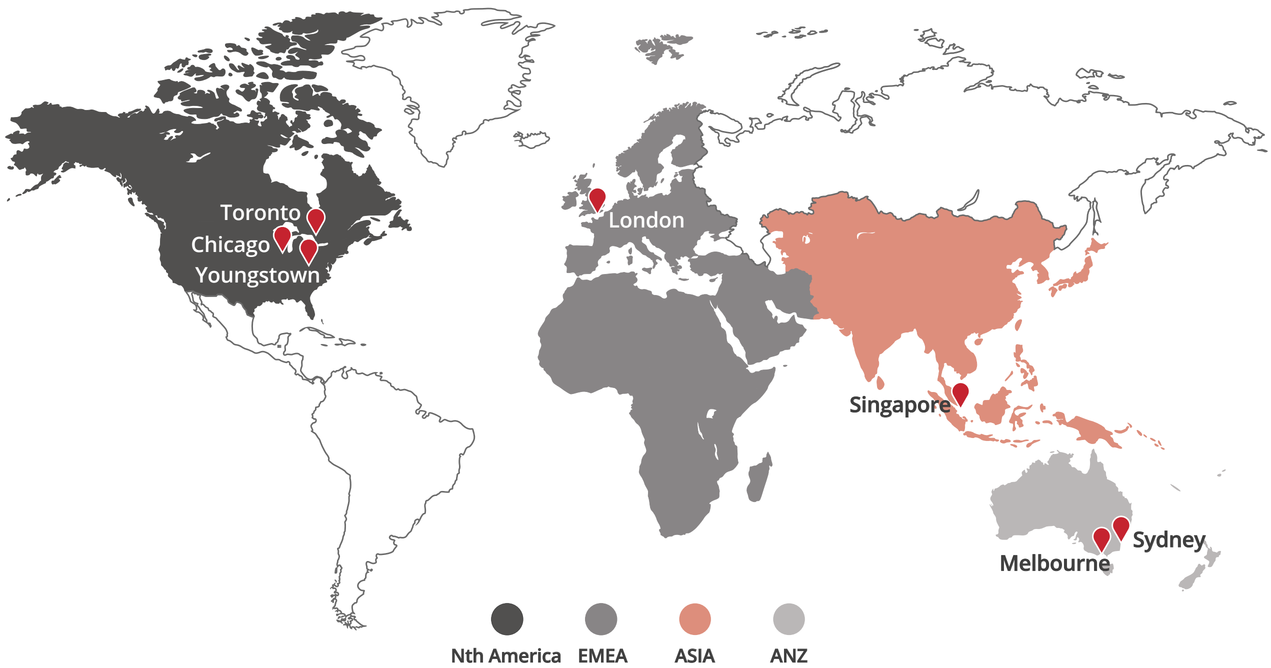
Ai-Media's technology platform can facilitate automation, scalability and efficiency improvements across ACS, which has the potential to deliver significant margin benefits, greater quality responsiveness and value to ACS customers. The acquisition of ACS increases Ai-Media's FY20F revenue by 59% on a pro forma basis and adds an experienced management team with strong language services expertise and knowledge of the North American market.

3.4 Geographic presence of Ai-Media's operations

Ai-Media has operations in four key regions being Australia and New Zealand, North America, EMEA and Asia. Ai-Media employs approximately 160 full-time staff and has access to a global workforce of over 2,000 casual, crowd-sourced freelancer and contractor personnel. Ai-Media has offices in Sydney, Melbourne, Singapore, Youngstown (US), Toronto and London.

A key feature of Ai-Media's business model is its ability to leverage a database of independent freelancers from a global crowd. These individuals are scattered globally to ensure Ai-Media is able to provide services to its customers 24 hours a day.

Figure 3.3: Geographical operations and facilities in Ai-Media's four key regions



3.5 Business operations

3.5.1 Summary of operations

Ai-Media 's operations consist of three main product lines:

- Live Enterprise;
- Live Broadcast; and
- Recorded.

3.5.1.1 Live enterprise

Ai-Media's Live Enterprise product allows global businesses, universities, schools, governments and non-government organisations and events with the ability to provide live captions and translations with a high level of accuracy to a range of audiences through the use of the live captioning delivery method described in Figure 3.6. The live stream of high-quality captions and translations can be viewed in real time via mobiles, laptops, tablets or through the use of a projector and is aimed to increase engagement, retention rates and improve learning.

Captions and translations are important to organisations as they:

- improve access and engagement with local and remote participants in multiple languages on different devices;
- provide access for deaf and hard-of-hearing participants; and
- support remote services, including telehealth, personal events and appointments.

Ai-Media's Live Enterprise offering includes features that allow for high security, data privacy, data confidentiality and data sovereignty.

In addition to the live stream of captions and/or translations, customers are able to request a transcript after the event. This transcript will provide customers with an accurate log of what was said and the individuals who spoke.

Figure 3.4: Live Enterprise case study

Live Enterprise case study – World Economic Forum

Customer Need

- Ai-Media was initially engaged to provide live English captions for Davos in 2018, but Davos' expertise in complex live delivery expanded this partnership to:
  - Become World Economic Forum's (WEF) streaming distributor across a variety of languages and platforms
  - Streamline WEF's internal event scheduling system
  - Offer multilingual captioning
  - Publish and manage live social media posts

Ai-Media has been the restreaming and captioning partner for the World Economic Forum for three years running (2018-2020), providing accessibility for Davos and numerous international satellite events.

Ai-Media Solution

- Ai-Media developed a suite of technical capabilities to meet WEF's complex requirements, allowing the Company to deliver:
  - Multi-channel audio support
  - Multilingual captions using its integrated machine translation capability which provided for cost-savings by removing the need for translators to be present on-site
  - Feeds for creating headlines and abstracts in near real-time for news, blogs, other channels, and stream management
  - Simulcasting of open captions and closed captions
  - Handling of multiple protocols
  - Global streaming with low latency, while maintaining stream quality
  - Speech synthesis

Capacity Snapshot:

- **24/7 global coverage via a flexible team of coordinators and captioners across 6 time zones**
- **127 captioned streams delivered to WEF's website and social media**

Figure 3.5: Live Enterprise case study

Live Enterprise case study – Global Technology Company

Customer Need

- Ai-Media (ACS) initially provided English Captioning for webcasts and large events for a global technology company, projecting text onto the project screens
- Employees found the captioning at these events beneficial and requested for the captioning to be provided internally for use in every day operations
- Security was a top concern for all of the company's employees

Ai-Media (ACS) Solution

- Ai-Media (ACS) provides a full complement of services for onsite captioning of large events, remote webinar captioning and individual CART captioning services
  - A secure environment for all services meeting the company's IT scrutiny
  - Unique accents and terminology are learned by onsite CART Captioners providing accuracy
  - Ai-Media (ACS) is able to handle existing needs and on-demand expansion
  - Services have begun to expand into Spain and Canada

Ai-Media (ACS) has been a partner with the company for over a decade, starting with a simple webcast. The company has grown into one of Ai-Media's largest customers across three countries

Snapshot:

- Grown from one hour of work initially to one of Ai-Media's (ACS) largest customers
- Excellent security and quality to meet high customer standards
- Opportunity for growth and expansion globally

3.5.1.2 Live broadcast

Ai-Media's Live Broadcast offering allows traditional global and domestic broadcasters and OTT streaming networks the ability to provide live captions for individuals watching their content. Ai-Media currently actively provides captions in six languages but has the capability to provide captions in 120 languages with no additional delay. Captions are important to broadcasters as they:

- allow access for the deaf and hard-of-hearing community, which provides increased access and is typically a regulatory requirement;
- allow for global distribution of content; and
- allows access for viewers in locations where they have no sound (e.g. gyms, airports and public transport).

Ai-Media's high-quality and real-time captions allow content providers to meet compliance and regulatory requirements and increase distribution by making the content instantly available to a wider audience.

Ai-Media's platform allows the provision of live captions and translations with a lag of approximately three seconds, with more than 99% accuracy. Ai-Media undertakes the captioning process using its internally developed live captioning delivery method. This method utilises a combination of artificial intelligence, machine learning and human intelligence, as outlined in Figure 3.6.

Figure 3.6: Live captioning delivery method

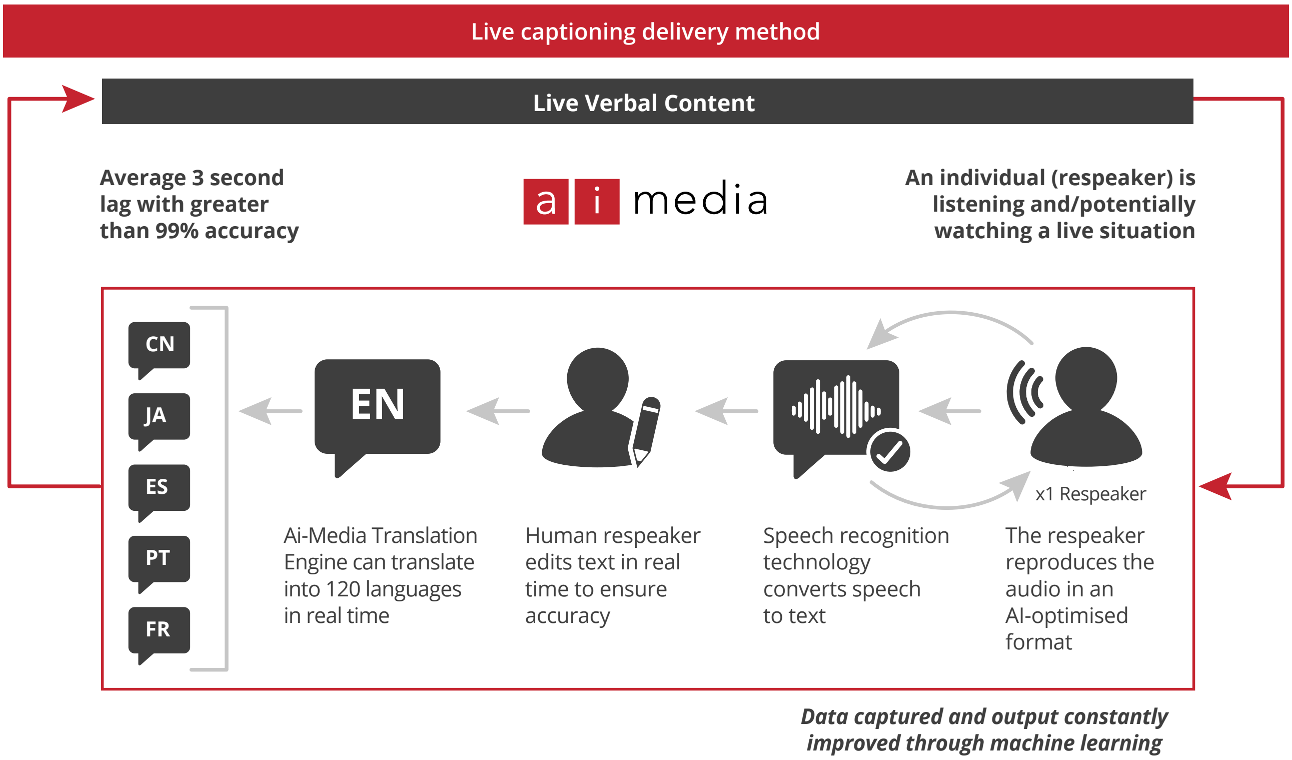


Figure 3.7: Live Broadcast case study

Live Broadcast case study – Singtel Optus

Customer Need

- Having never provided live captioning before, Singtel engaged Ai-Media in July 2019 to live caption English Premier League content
- In order to meet regulatory requirements in Australia, Singtel required high quality live captioning on six Optus sports channels, with two backup channels as redundancy

Ai-Media Solution

- Designed to deliver live captioning to Singtel from anywhere, both technically and operationally
- Captions on any device
- Developed a streaming-based video solution to send the signal to our global team
- Achieved live captioning delivery within budget and ahead of schedule

Capacity Snapshot:

- An average of 211 hours of content delivered/per month
- 24/7 coordination and captioning delivery capability

Singtel OPTUS

3.5.1.3 Recorded

Ai-Media provides captioning and translation services for recorded content for customers including global businesses, universities, schools, government and non-government organisations, SMEs and individual content producers, events, global and domestic broadcasters and OTT streaming services. Although closed captioning for recorded media content was originally created to provide access to the deaf and hard-of-hearing community, the use of captions on recorded media has expanded.

In addition to the increasing regulatory requirements, closed captions are now being used to:

- Increase engagement for students/participants through having a written record;
- Improve engagement for corporates on social media or internally; and
- Increase content access.

Ai-Media's offering provides greater than 99% accurate caption and transcription files delivered via round trip integrations with customer platforms. Similar to its Live Broadcast and Live Enterprise offerings, Ai-Media currently actively provides captions in six languages but has the capability to provide captions in 120 languages with no additional delay.

Figure 3.8: Recorded delivery method

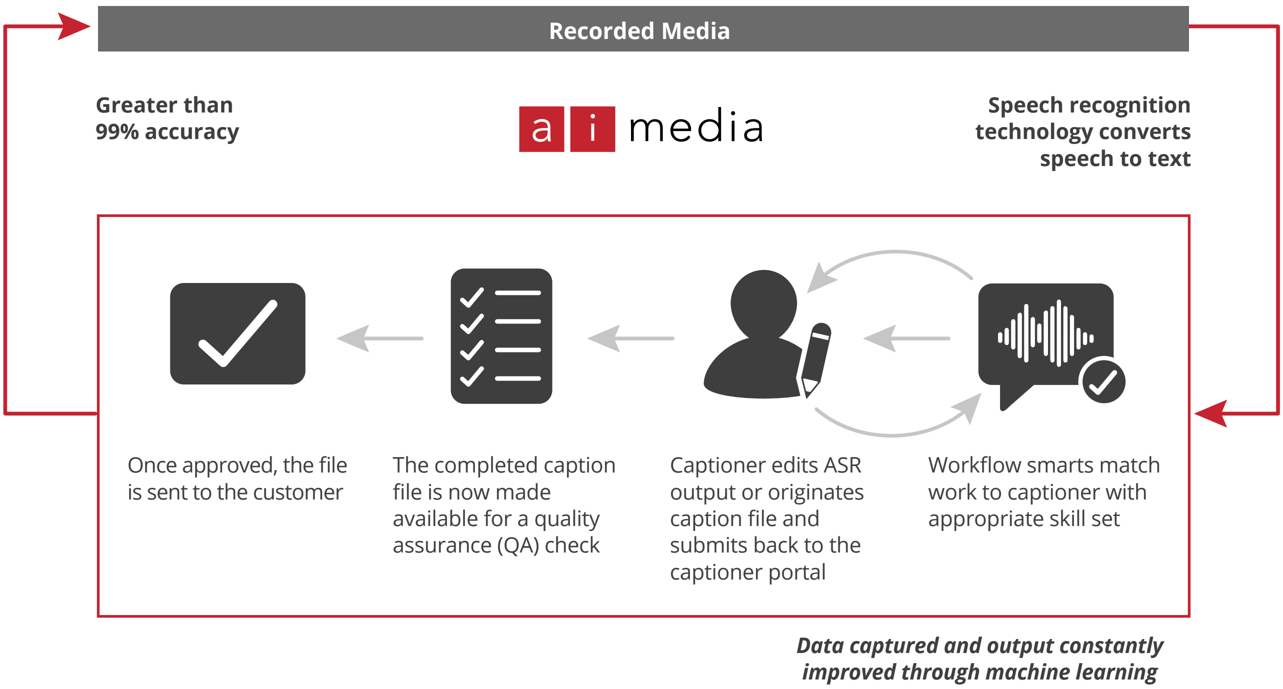


Figure 3.9: Recorded case study

Recorded case study – Griffith University

Customer Need

- Griffith University engaged Ai-Media in April 2018 to provide closed captions for their recorded lecture content on their learning platform
- Griffith University wanted to make content more accessible for their students

Ai-Media Solution

- Ai-Media enabled Griffith University to efficiently order closed captions from within their platform
- When an order is placed it automatically flows through to Ai-Media's workflow where the captions are produced and then published back to the platform
- The solution was built with the capability to:
  - Allow for automated receipt, fulfilment and delivery of orders
  - Allow customers to download completed files in a variety of formats
  - Allow customers to view order tracking information

Griffith UNIVERSITY
Queensland, Australia

Volume Snapshot:

- 145 content hours/month on average
- Over 2,600 files delivered to date

3.5.2 Revenue model and contracts

Ai-Media's revenue is generated by contracts with time-based charges which differ across Ai-Media's three product lines. The rates charged by Ai-Media vary depending on factors such as:

- type of content;
- volume of content (with potential discounts for volume);
- live content versus recorded;
- level of urgency;
- number of languages Ai-Media is required to translate into; and
- various other factors.

Ai-Media's key customers are set out in Section 9.5.3. Ai-Media's five largest contracts consist of:

- one contract for the provision of Live Enterprise services (**Key Live Enterprise Contract**);
- one contract for the provision of Live Broadcast services (**Key Live Broadcast Contract**);
- one contract for the provision of Recorded services (**Key Recorded Contract**); and
- two contracts for the provision of a combination of Live Broadcast and Recorded services (**Key Live Broadcast and Recorded Contracts**)

(together, the **Key Contracts)**.

The contractual arrangements under the Key Contracts are substantially consistent with the description in Sections 9.5.3.1 and 9.5.3.2.

3.5.2.1 Live enterprise

Live Enterprise contracts are typically won under a tender process for tertiary education customers and a combination of inbound and outbound sales and events targeting for corporations. When compared to Live Broadcast (refer to Section 3.5.2.2), contracts are typically shorter term. Customers are invoiced monthly and incur time-based charges. Contracts generally do not provide for minimum volumes.

3.5.2.2 Live broadcast

Live Broadcast contracts are typically won under a tender process and tend to be long-term in nature (Ai-Media's Key Live Broadcast Contract is for 2 years and its Key Live Broadcast and Recorded Contracts are an average of 8 years in duration). Tenders may have a live and recorded element. Contracts typically specify a dollar-per-minute rate per program block, which varies depending on the services provided.

Services provided under Live Broadcast contracts, including the Key Live Broadcast Contract and the Key Broadcast Live and Recorded Contracts, are typically subject to service level and performance monitoring standards (including in relation to timeliness and accuracy). Generally, if Ai-Media fails to meet such service levels in performing the relevant services:

- Ai-Media must notify the customer and provide a report detailing the causes and procedures for correcting the failure, remedy the failure by allocating necessary resources to do so and take reasonable action to prevent any recurrence of that failure; and
- in some cases, the customer will be entitled to recover service credits in accordance with the relevant contract.

Fees are typically payable per captioned hour under Live Broadcast contracts, including the Key Live Broadcast Contract and the Key Live Broadcast and Recorded Contracts, and are subject to annual consumer price index increases. For its Australian free-to-air broadcasters, Ai-Media is the exclusive provider of captioning services. With limited exceptions, contracts do not provide for minimum volumes by the broadcaster, however regulatory requirements in Australia require some content to be captioned between 6am to 12am.

3.5.2.3 Recorded

Recorded services for broadcast customers are provided under similar contracts to Live Broadcast services (including the Key Recorded Contract and the Key Live Broadcast and Recorded Contracts), with multi-year contracts. These contracts are generally not subject to minimum volumes. Recorded services for other customers are typically won through a combination of tenders, sales relationships or outbound sales activities and typically short-term contracts.

3.6 Customers

3.6.1 Customer snapshot

Ai-Media has a diverse customer base that ranges from broadcasters, government and non-government organisations, multinational corporations, conferences, universities, schools, small businesses and individuals. The majority of Ai-Media's revenue is derived from enterprise customers, with a much smaller proportion from individuals and small to medium-sized businesses. Ai-Media's key customers are set out in Section 9.5.3.

In FY20F, Ai-Media had over 2,200 customers globally with the largest customer accounting for approximately 15% of total pro forma revenues and the top 20 customers accounting for approximately 50% of total pro forma revenues. The two most significant regions were Australia and New Zealand and North America which accounted for approximately 47% and 44% of FY20F pro forma services revenues respectively. Broadcast customers were the largest industry group, accounting for approximately 43% of FY20F pro forma revenues. Repeating revenue[6] accounted for approximately 86% of FY20F pro forma revenues.

6) Repeating revenue is defined as revenue from FY20F customers that had also provided revenue to Ai-Media during FY18 and FY19 together with revenue from FY20F customers that had also provided revenue to Ai-Media during FY19.

Figure 3.10:
FY20F repeating revenue

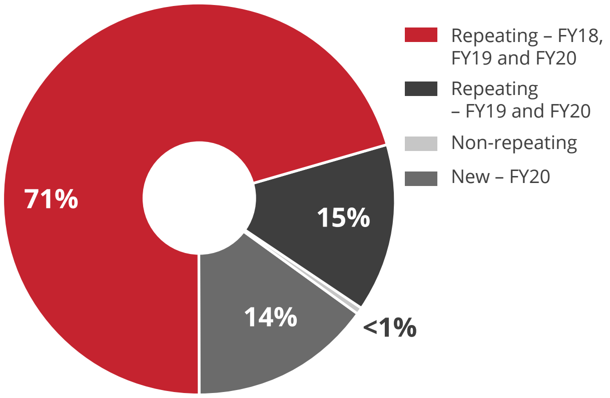


Figure 3.11:
FY20F revenue by region

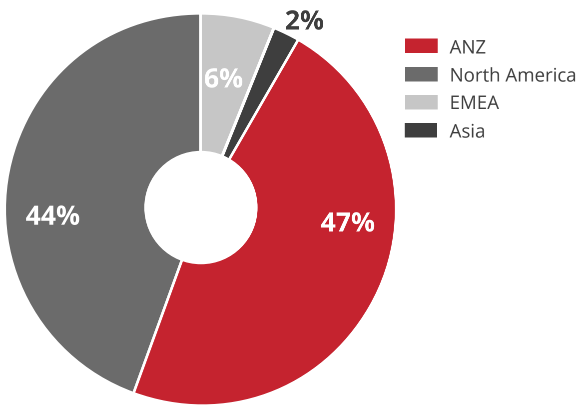


Figure 3.12:
FY20F revenue by customer

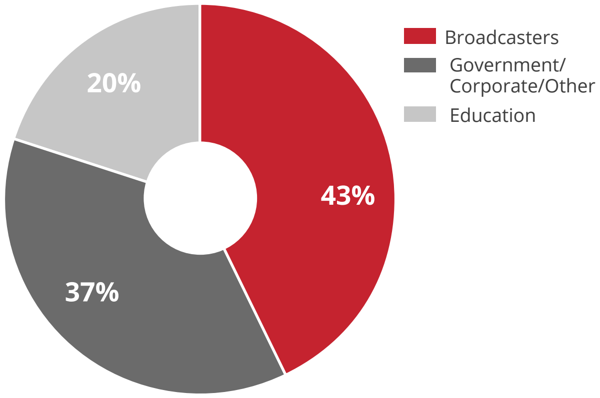
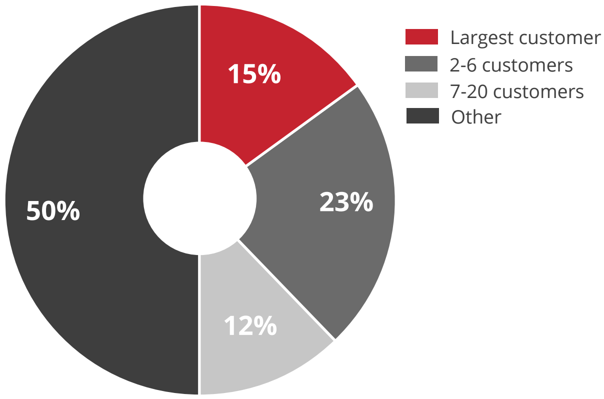


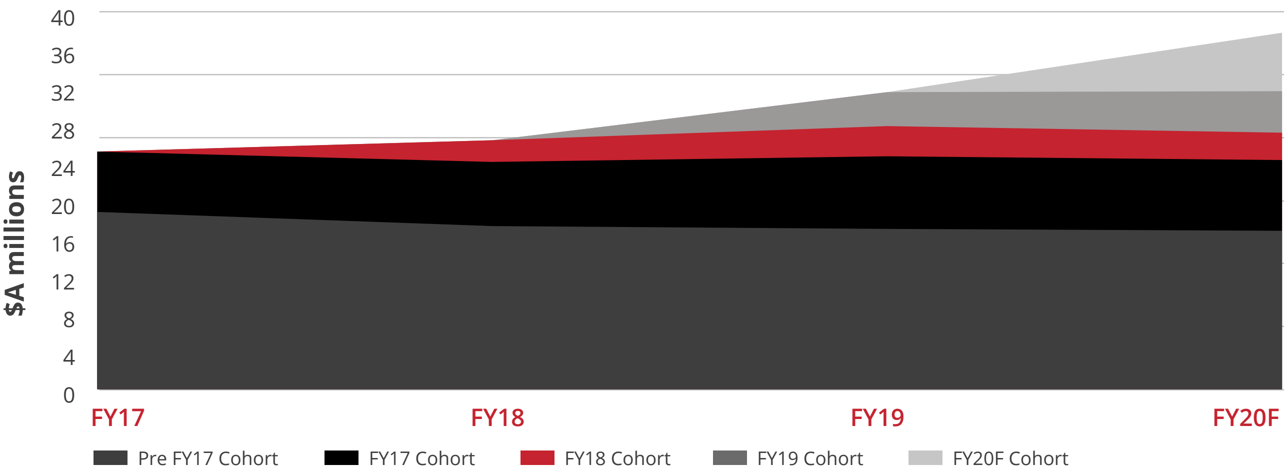
Figure 3.13:
FY20F customer concentration



Note: Percentages may not sum due to rounding.

Customer spend will often increase over time. This is demonstrated in Figure 3.14 which indicates the revenue secured from customer cohorts prior to FY17 and in FY17, FY18, FY19 and FY20F and the growth in their spending with Ai-Media over time.

Figure 3.14: FY20F Customer cohort analysis



Note: All charts above are based on unaudited management accounts for pro forma – FY20F.

3.6.2 Broad product suite to address customer needs

Ai-Media services a wide range of customers, ranging from broadcasters to individuals using content sharing websites.

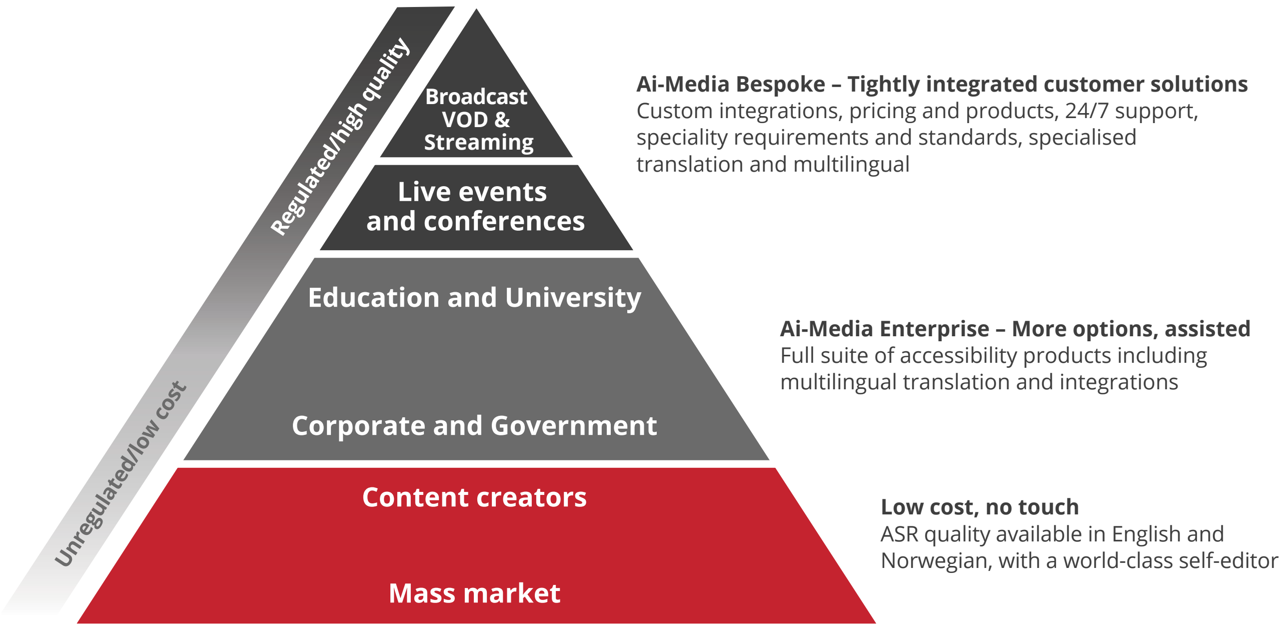
These customers vary in the speed and quality of service they require. Many of Ai-Media's broadcast customers are subject to regulatory requirements. Regulatory requirements vary by jurisdiction. For example, in Australia free-to-air broadcasters are required to provide captioning on all programs and all news programs (with some limited exceptions) between 6am and 12am. Additionally, in Australia, live captioning is required to be approximately 98% accurate. Refer to Section 2.5.6 for more information on regulatory requirements in various jurisdictions.

Ai-Media's scalable cloud-based technology platform provides 24-hour-a-day captioning at greater than 99% accuracy, fulfilling the regulatory requirements for these broadcasters.

Other customers, such as universities, conferences, corporates and government and non-government organisations require instant captioning with the high accuracy that Ai-Media's platform can provide but do not have regulatory requirements.

Ai-Media also provides a service for individuals or small businesses who want their content captioned on content sharing websites. This segment of the market is not regulated with lower quality requirements and often captioning requires no human involvement.

Figure 3.15: Ai-Media services a broad range of customers' needs



3.7 Information technology

3.7.1 Platform

Information technology and safeguards are critical to providing an uninterrupted service to Ai-Media's customers and to maintain data integrity and privacy. Ai-Media has developed a scalable cloud-based technology platform using a combination of proprietary, internally developed software and technologies and licensed third-party software. Ai-Media's approach is to develop its own specialist technology where no high quality alternative exists. For commoditised technologies such as speech recognition engines or machine translation software, the platform has the flexibility to integrate with a best-of-breed solution. The best-of-breed solution will vary for factors such as a particular language pair. Since 2009, Ai-Media has invested over $50 million in its platform to enable Ai-Media to successfully expand through entering new industry segments and markets, continuously innovating and enhancing its product offering, making strategic 'bolt-on' acquisitions and investing in people.

Ai-Media's technology platform is designed to be the most efficient way to harness a global crowd of scalable workers to deliver a premium, quality service to its customers and to maintain data integrity and privacy. The software is centered around Ai-Media's Ai-Live technology, which streams text fast and over minimal bandwidth, enabling crowd participation from anywhere in the world with good internet coverage. The remainder of Ai-Media's technology is built on a cloud microservices infrastructure, enabling rapid feature enhancement and seamless connectivity to third party features, such as machine translation and speech recognition engines, as well as platform integrations.

Depending on the type of customer, Ai-Media's technology platform can either be fully integrated into a customer's internal systems and processes or externally accessed. The technology platform also has the flexibility to integrate with common virtual meeting platforms (e.g. Zoom) and lecture capture systems (e.g. Echo360). The technology platform is specifically designed to be horizontally scalable to global markets with application across verticals. The technology architecture ensures a personalised experience that varies depending on the customer's requirements, but also allows the flexibility to meet a customer's needs with minimal delay.

Depending on the customer's requirements, Ai-Media's technology platform contains systems that are able to direct the speech through various components of its technology platform which results in the output changing. The features currently being used within Ai-Media's technology platform are:

- Live captioning;
- Closed captioning;
- Speech translation;
- Speech transcription;
- Audio description; and
- Speech analytics.

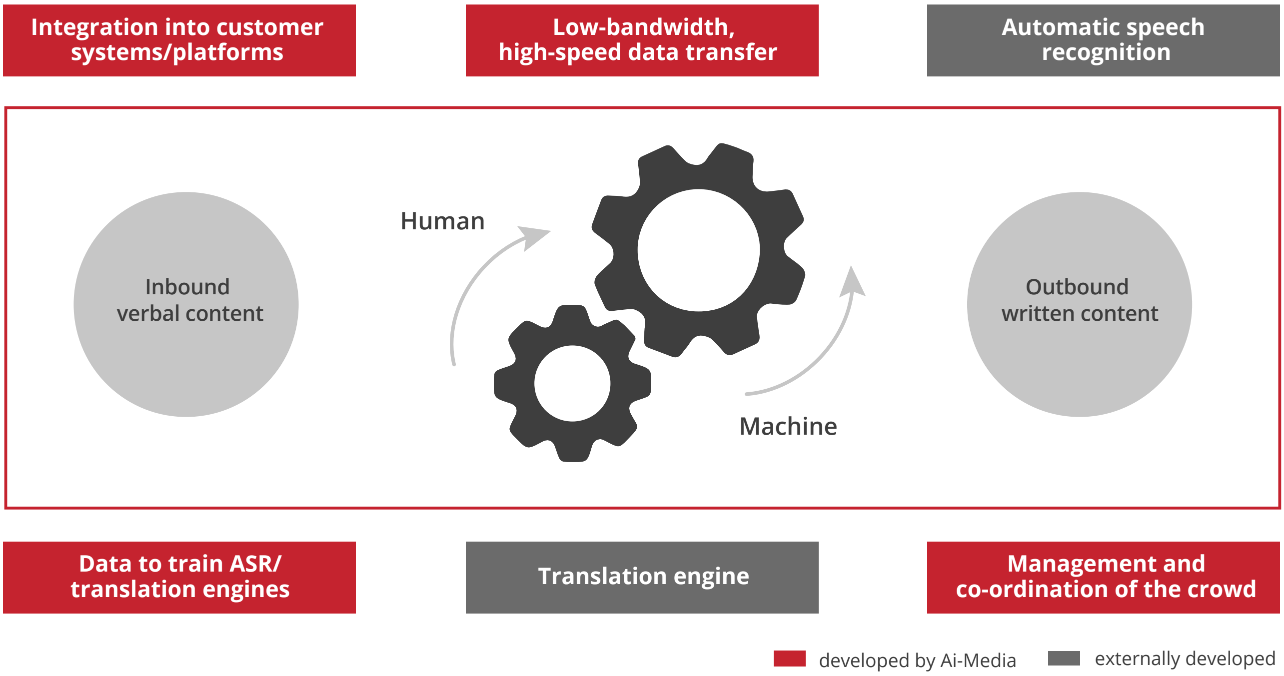
Ai-Media's systems rely on cloud-based components of one of the world's largest cloud hosting platforms. The scalable cloud-based technology platform is centrally supported from Australia and allows Ai-Media to continue to drive operating efficiencies, innovation, automation and management of a global crowd across multiple jurisdictions.

There are four key pillars that are ingrained in Ai-Media's technology platform:

- **Product-led focus:** while technology is at the core of the business and platform, customer experience is the key, with product quality and delivery being the priority;
- **Global first mindset**: all added features are designed to be globally scalable from inception;
- **Enterprise grade architecture:** a strong focus on cybersecurity, data management, data analytics, business continuity and enterprise systems design; and
- **Research and development**: Ai-Media has a long-term focus and is committed to long-term continued investment in innovation and automation.

Ai-Media's scalable, cloud-based technology platform is fundamental to its growth as a significant portion of the individuals involved in the transcription process are sourced from a global crowd. The media streaming, job workflow, and custom collaboration platform gives Ai-Media access to a flexible, global-minded workforce of trained freelancers which allows for high-quality work to be performed and the ability to deploy services within a short time frame.

Figure 3.16: Ai-Media's technology platform



3.8 Competitive advantages

Ai-Media believes it has a range of competitive advantages over its competitors driven by its business model and technology platform. These are summarised in Figure 3.17.

Figure 3.17: Ai-Media's competitive advantages

Latest Technologies combined with Human Intelligence	Security Accreditation	Workflow Efficiency and Quality	Multilingual	Broad Product Range with Global Reach
• Propriety technology delivering high quality and secure captioning with minimal lag • Using industry standard speech recognition software combined with proprietary artificial intelligence and machine learning ensures Ai-Media's accuracy is ahead of regulatory standards	• Data protection processes in place to support each customer's compliance with local and international privacy laws and regulations	• Custom, flexible, integrated systems for optimising and automating end-to-end service delivery • Consistent delivery of industry leading quality and accuracy greater than 99% as demonstrated through broadcaster annual audits	• Ability to provide live subtitles into over 120 languages with market leading accuracy and minimal lag • Creating local content that can be distributed globally	• Products across broad spectrum • A global mindset with local presence in geographical locations across the ANZ, Asia, EMEA and North America • Delivery of uninterrupted 24/7 production and support

3.9 Intellectual property

Ai-Media's key intellectual property includes business names, copyright, trade marks, domain names, technical know-how, confidential information, trade secrets, collected data for optimisation, and patents.

Ai-Media takes the following measures to protect its intellectual property:

- **Registration of intellectual property**: Ai-Media has a robust portfolio of registered and pending trade marks in a wide range of jurisdictions and regions, including, Australia, Canada, the European region, New Zealand, Singapore, the United Kingdom, and the United States. Ai-Media's Ai-Live captioning framework adopts subject matter claimed in registered patents in Australia, Canada, Singapore and the United States. Having registered patents in those jurisdictions, Ai-Media has positioned itself to prevent third parties from exploiting the same technology without infringing its rights and, in that way secures its investments in technology development throughout all of those jurisdictions. Ai-Media is continually expanding the reach of its applied for and registered trade marks in a wide range of jurisdictions to ensure its brand and goodwill remain protected and within Ai-Media's s control. At the date of this prospectus Ai-Media owns 26 pending or registered trade marks and 5 registered patents.
- **Contracting practices**: Ai-Media endeavors to ensure that all its employees and contractors are subject to agreements that provide robust confidentiality terms and ACS contracts are proposed to be brought across to similar confidentiality terms over time. In addition, these agreements contain obligations on the employees and contractors to assign all intellectual property (including copyright, designs, trade marks, inventions, and any other works) they generate whilst working for Ai-Media to the relevant Ai-Media entity, as well as waiving any moral rights they may have in such works. Such arrangements are required to be entered into so that Ai-Media can exploit its intellectual property as it sees fit.

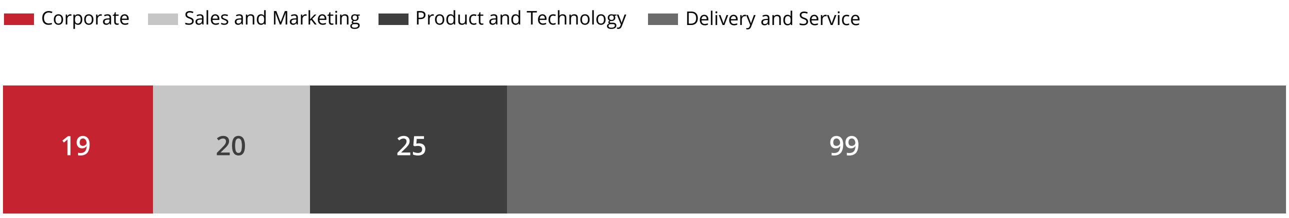
A detailed summary of Ai-Media's intellectual property position is provided in Appendix B.

3.10 People and culture

3.10.1 Employees

Ai-Media has operations across four key regions including Australia and New Zealand, EMEA, North America and Asia. Ai-Media is headquartered in Sydney and has offices in Melbourne, Youngstown, Toronto, London and Singapore. Ai-Media's team consisted of approximately 160 full-time employees as at 30 June 2020. Ai-Media's organisation is split into four key segments including Corporate, Sales and Marketing, Product and Technology and Delivery and Service. Ai-Media focuses on inclusion and gender diversity in its employment practices.

Figure 3.18: Organisational split by employee[7]



7) As at 30 June 2020.

Figure 3.19: Geographic split by employee[8]

3.10.2 Crowd workforce

A key feature of Ai-Media's business model and its scalability is its ability to utilise a workforce of freelancers from a global crowd. As at 30 June 2020, Ai-Media had more than 2,000 registered and validated freelancers. The global crowd is located in more than 55 countries including Australia, the US, the UK, Kenya, Singapore, the Philippines and India. The global nature of Ai-Media's freelancers provides a high degree of capacity for customer services to be completed at all times.

The quality of captioning output is paramount. Ai-Media has a stringent recruitment process that allows for quality assurance to start upstream and reduce the chance of any low-quality candidates making it onto the platform. There are numerous quality assurance processes to assist in ensuring the crowd freelancers are qualified to complete tasks and effectively stratified to complete different levels of work.

Recruitment mechanisms include testing candidates on a range of fundamentals that include multi-stage spelling, grammar, transcription and aptitude testing. These tests are amended to cater to specific quality requirements and recruitment needs. This process has also become more automated, robust, randomised and tightly categorised over time to prevent any duplicate or scam applicants and retain quality candidates. The candidates who make it to the platform enter into the lowest category of work available and work their way up into the higher tiers that give them greater access to higher quality and volume work. Some of the highest performing candidates and existing captioners are further segmented to work on higher security and more complex work outside of the broad platform, which gives the operational delivery team the capacity to solve any ad hoc resourcing requirements.

Ongoing quality control mechanisms include tracking individual captioners through consistent and aggregated quality checks with algorithmically determined benchmarks. Any captioner falling below a particular quality threshold is actively monitored and given feedback on how to improve their scores and any captioner falling below a further threshold is removed from the platform.

3.11 COVID-19

Ai-Media experienced a slowdown in sales and revenue in late March 2020 due to the impact of COVID-19. This slowdown was largely due to the postponement or cancellation of conferences, live sports, TV productions and events across the globe, resulting in less live content being captioned. Further, with the shutdown of production on television and movie sets, less recorded media content is available for captioning. Ai-Media's ability to provide timely and quality captions and translation to its customers was unaffected with the majority of the workforce able to work remotely.

Since then, Ai-Media has seen increases in content requiring captioning. While some live events and some recorded media categories remain impacted, an accelerated shift towards virtual events and education resulting in increased demand for captioning from educational, government and non-government organisations and corporate customers.

8) As at 30 June 2020.

3.12 Growth strategy

3.12.1 Overview

Ai-Media's growth strategy is focused on continuing its current growth trajectory, particularly in its offshore regions and to ongoing development of its technology to provide a wider range of services for its customers.

The key pillars of Ai-Media's growth strategy are:

- growth markets;
- platform automation and scalability;
- product innovation;
- organic growth; and
- acquisition opportunities.

3.12.2 Growth markets

Ai-Media has already successfully expanded into growth markets, particularly in North America and Asia. Through leveraging its key strengths in the Live Enterprise, Live Broadcast and Recorded offerings, Ai-Media is well placed to continue to grow in these markets. This will be achieved through growing its global sales team by having teams in each of its key regions who know the local markets and who are able to leverage existing relationships.

3.12.3 Platform automation and scalability

Ongoing, in-house development of Ai-Media's scalable, cloud-based technology platform allows Ai-Media to:

- improve accuracy, efficiency and security of the machine output;
- drive innovation and automation;
- enable more training data to be captured;
- improve workflows and tools to manage freelancers; and
- enhance the ability to scale across multiple jurisdictions.

One of the key objectives of platform automation is to provide Ai-Media with the ability to continue to scale quickly and efficiently, without decreasing the quality of its service.

A key component of Ai-Media's cost of sales is the costs of coordinators and operational support personnel who assist in the booking and managing of orders. Increasing automation means increasing the number of 'Low Touch Orders', which have minimal human involvement except the respeaker, or 'Low Touch Files', which do not require any human involvement.

A good example of a 'Low Touch Order' is a company electing to use the Ai-Live product straight from an online meeting platform which automatically sends a ticket to Ai-Media, enabling crowd members to accept and complete the project.

3.12.4 Product innovation

As automated speech recognition and artificial intelligence technology improves, Ai-Media intends to continue to incorporate the best-of-breed technologies to assist in maintaining its competitive position in the industry. This will also allow Ai-Media to continue to support accessible streaming and online meetings to meet a growing global demand for online services, especially during the COVID-19 pandemic. Ai-Media intends to further develop its 'Visible Classroom' initiative, which delivers teachers an analytics application, providing detailed feedback based on real classes and data.

3.12.5 Organic growth

Ai-Media has local sales teams in its four key regions which continue to look for opportunities to up-sell and cross-sell to its existing customer base. In addition to this, Ai-Media will continue to leverage its reusable technology-based solution to attract new customers. Ai-Media is particularly focused on the Live Enterprise product line, which has seen significant growth in recent years, especially in North America.

3.12.6 Acquisition opportunities

Ai-Media is aware of the significant fragmentation of the language services market and will consider strategic acquisition opportunities that complement Ai-Media's current business operations. Ai-Media believes that the ease of migrating customers from an acquired business onto its platform provides a strong commercial rationale for undertaking acquisitions. Should Ai-Media undertake further acquisitions, it has various options for the financing of these acquisitions, including using equity or seeking debt financing.

4. Financial Information

4. Financial Information

4.1 Introduction

4.1.1 Financial information

The financial information contained in this Section 4 has been prepared by Ai-Media on a consolidated basis for the financial years ended 30 June 2018 (**FY18**) and 30 June 2019 (**FY19**), and for the half-years ended 31 December 2018 (**1H FY19**) and 31 December 2019 (**1H FY20**), together with the Forecast Financial Information for the financial years ending 30 June 2020 (**FY20F**) and 30 June 2021 (**FY21F**).

This Section 4 contains the Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and Pro Forma Forecast Financial Information of Ai-Media as defined below.

Table 4.1: Overview of Ai-Media's Financial Information

Definitions	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	**Statutory Historical Financial Information** comprises the following: • historical consolidated income statements for 1H FY19, 1H FY20, FY18 and FY19 (**Statutory Historical Income Statements**); • historical consolidated cash flows for 1H FY19, 1H FY20, FY18 and FY19 (**Statutory Historical Cash Flows**); and • statutory historical consolidated statement of financial position as at 31 December 2019 (**Statutory Historical Statement of Financial Position**).	**Pro Forma Historical Financial Information** comprises the following: • pro forma historical consolidated income statements for 1H FY19, 1H FY20, FY18 and FY19 (**Pro Forma Historical Income Statements**); • pro forma historical consolidated cash flows for 1H FY19, 1H FY20, FY18 and FY19 (**Pro Forma Historical Cash Flows**); and • pro forma historical consolidated statement of financial position as at 31 December 2019 (**Pro Forma Historical Statement of Financial Position**).
Forecast Financial Information	**Statutory Forecast Financial Information** comprises the following: • statutory forecast consolidated income statements for FY20F and FY21F (**Statutory Forecast Income Statements**); and • statutory forecast consolidated cash flows for FY20F and FY21F (**Statutory Forecast Cash Flows**).	**Pro Forma Forecast Financial Information** comprises the following: • pro forma forecast consolidated income statements for FY20F and FY21F (**Pro Forma Forecast Income Statements**); and • pro forma forecast consolidated cash flows for FY20F and FY21F (**Pro Forma Forecast Cash Flows**).

Other historical financial information set out within this Section 4 includes supplementary financial information comprising the historical income statements, and historical cash flows of Alternative Communications Services, LLC, as set out in Section 4.21 for FY18, FY19 and H1 FY20. Alternative Communication Services, LLC is classified as a "Significant Business", as referred to in Section 4.21 (the **Significant Business Historical Financial Information**). ACS acquired PostCAP, LLC in December 2019 and the results of PostCap, LLC have been included in the Pro Forma Financial Information for the period prior to acquisition. Together ACS and PostCAP, LLC are defined as the **ACS Group**.

The Historical Financial Information, the Forecast Financial Information and the Significant Business Historical Financial Information together form the **Financial Information**.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information, including the application of relevant new and revised accounting standards had they applied to the Statutory Historical Financial Information (see Sections 4.2.1, 4.2.2, 4.2.3 and 4.2.5);

- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by Ai-Media and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.6) (**non-IFRS financial measures**);
- details of the ACS Group acquisition (see Section 4.2.4);
- a summary of Ai-Media's key operating and financial metrics (see Section 4.4);
- the pro forma adjustments to the Statutory Historical Financial Information and the Statutory Forecast Financial Information, and reconciliations to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information respectively (see Sections 4.5 and 4.6);
- segmental performance for each of Ai-Media's geographic regions (see Section 4.7)
- details of Ai-Media's net debt and contractual commitments as at 31 December 2019 (see Section 4.14);
- reconciliations of capitalised development costs (see Section 4.16);
- the Directors' best-estimate general and specific assumptions underlying the Forecast Financial Information (see Section 4.17);
- Management's discussion and analysis of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information (see Section 4.18);
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 4.19); and
- a summary of the proposed dividend policy (see Section 4.20).

The Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (see Section 8).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are in millions rounded to one decimal place (the nearest hundred thousand). Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Ai-Media's underlying historical financial performance, cash flows and financial position of Ai-Media, together with the forecast financial performance and cash flows for FY20F and FY21F.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (**AAS**) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB.

The Significant Accounting Policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and the Statutory Forecast Financial Information adjusted for certain transactions and pro forma adjustments as described further below.

4. Financial Information

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared in accordance with the recognition and measurement principles contained in AAS, other than that they include adjustments that have been prepared in a manner consistent with AAS that reflects: (i) the exclusion of certain transactions that occurred or are forecast to occur in the relevant periods; and (ii) the impact of certain transactions as if they occurred on or before 30 June 2017 in the Pro Forma Historical Financial Information and in the Pro Forma Forecast Financial Information.

Due to their nature, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial position, financial performance or cash flows of Ai-Media. Ai-Media believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information. This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Ai-Media.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

4.2.2 Preparation of Historical Financial Information

The Statutory Historical Financial Information for the full years FY18 and FY19 has been extracted from the consolidated special purpose financial statements and consolidated general purpose (reduced disclosure requirements) financial statements of Ai-Media for FY18 and FY19 respectively. The consolidated financial statements for FY18 and FY19 were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. The financial statements for FY19 were reissued to restate historical share plan expenses including associated costs. Deloitte issued an unmodified audit opinion on each of the financial reports.

The Historical Financial Information for 1H FY19 and 1H FY20 has been extracted from the half-year interim consolidated financial reports for 1H FY20 of Ai-Media (which included comparative financial information for 1H FY19), which were reviewed by Deloitte Touche Tohmatsu in accordance with the AAS. Deloitte Touche Tohmatsu issued an unmodified review conclusion on the interim financial report.

The FY19 audit report and the 1H FY20 review report each include a material uncertainty paragraph in relation to the adoption of the going concern basis in preparing those financial statements, which highlights the expectation of the Directors that Ai-Media successfully executes this initial public offering.

The Significant Business Historical Financial Information has been included in Section 4.21 of this Prospectus to provide investors with stand-alone financial information on the Significant Business for FY18 and FY19, and for H1 FY20, in a manner consistent with *ASIC's RG 228 Prospectuses: Effective disclosure for retail investors*.

The Significant Business Historical Financial Information for FY18 and FY19 has been extracted from the general purpose financial statements of the Significant Business for FY19 including the FY18 comparative financial information. The full year financial statements were audited by Deloitte Touche Tohmatsu in accordance with the AAS.

The H1 FY20 financial information for the Significant Business has been extracted from the interim financial statements for H1 FY20, which was reviewed by Deloitte Touche Tohmatsu in accordance with *Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report*. Deloitte Touche Tohmatsu issued unmodified audit opinions and review conclusions, as relevant, on each of the above.

The Pro Forma Historical Income Statements and the Pro forma Historical Cash Flows have been prepared for the purpose of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of the pro forma adjustments described in Section 4.5 of this Prospectus. In particular, pro forma adjustments have been made to reflect the following (amongst others):

- the estimated incremental costs of being a publicly listed company, including additional Board and governance costs, incremental audit, tax, legal and compliance related costs, and ASX listing fees assuming Completion had occurred on 1 July 2017;
- the inclusion of the financial results of the ACS Group as if acquired on 1 July 2017, as well as the removal of certain transaction costs incurred directly in relation to the acquisition;

- the application of AASB 16 Leases (**AASB 16**) as if this had been applied from 1 July 2017 to 30 June 2019 (see Section 4.2.6 below); and
- the impact of the Offer including Offer costs that are expensed.

Investors should note that past results are not a guarantee of future performance.

The Pro Forma Historical Statement of Financial Position is derived from the Statutory Historical Statement of Financial Position, and is adjusted to reflect the following (amongst others):

- the impact of the conversion of convertible notes;
- the impact of the maturity of the existing employee share plan as a result of the IPO;
- the acquisition of the ACS Group;
- the impact of the Offer, including costs directly attributable to the Offer offset against share capital (with the remainder expensed in Retained Earnings); and
- the repayment of shareholder loans.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Ai-Media.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The basis of preparation and presentation of the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information is consistent with the basis of preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, respectively.

The Forecast Financial Information has been based on an assessment of the current economic and operating conditions, including the impact of the COVID-19 pandemic, and should be read in conjunction with the general and specific assumptions set out in Section 4.17.1 and Section 4.17.2, the sensitivity analysis described in Section 4.19, the risk factors described in Section 5, the Significant Accounting Policies set out in Appendix A, and the other information in this Prospectus.

The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur.

The Directors believe the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumptions made in preparing the Forecast Financial Information and that this may have a material positive or negative effect on Ai-Media's actual financial performance, cash flows or financial position.

In addition, the assumptions upon which the Forecast Financial Information is based are, by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Ai-Media, the Directors and Management, and are not reliably predictable. Accordingly, none of the Ai-Media companies, their directors and management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

It is not intended that the Forecast Financial Information or other forward-looking statements be updated or revised, nor is it intended that prospective Financial Information will be published in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

The Forecast Financial Information is presented on both a Statutory and Pro Forma basis. The Statutory Forecast Income Statement and Pro Forma Forecast Income Statement for FY20F are each based on the half-year interim consolidated financial reports for 1H FY20, and the unaudited actual trading results for 2H FY20.The Statutory Forecast Income Statement and Pro Forma Forecast Income Statement for FY21F each have regard to the current trading performance of Ai-Media up until the date of lodgement of the Prospectus.

In preparing the Pro Forma Forecast Income Statements, pro forma adjustments have been made to the Statutory Forecast Income Statements, as if those adjustments took effect from the beginning of the forecast period, to reflect:

- the incremental costs of being a publicly listed entity;
- the inclusion of the financial results of the ACS Group acquisition from 1 July 2019 to the date of acquisition, as well as the removal of certain transaction costs incurred directly in relation to the acquisition; and
- the impact of the Offer including capital raised and the capital structure in place following the Offer.

Section 4.5 sets out the pro forma adjustments made to the Statutory Forecast Income Statements and a reconciliation of the Statutory Forecast Income Statements to the Pro Forma Forecast Income Statements.

4.2.4 Acquisition of Alternative Communication Services, LLC and PostCAP, LLC

On 4 May 2020, Ai-Media acquired the ACS Group which specialises in the provision of captioning and sign language services in the Americas market. As part of its due diligence investigations Ai-Media required the accounts of Alternative Communication Services, LLC for the half year ended 31 December 2019 (with comparatives for the half year ended 31 December 2018) and the financial years ended 30 June 2018 and 30 June 2019 to be prepared in accordance with the AAS and audited by a registered Audit firm. Deloitte Touche Tohmatsu conducted the audit of ACS in accordance with the AAS.

No audit was completed for PostCAP, LLC on the basis that its net assets and net profit were not material to Ai-Media. The pro forma adjustments relating to ACS Group reflect the aggregation of Alternative Communication Services, LLC and PostCAP, LLC. The financial results of ACS have been included in the Pro Forma Historical Income Statements and Pro Forma Historical Cash Flows of Ai-Media for 1H FY19, 1H FY20, FY18 and FY19 based on the reviewed/audited financial statements of ACS and the unaudited management accounts for PostCAP, LLC for those periods/years, adjusted to reflect the operating structure as if the acquisition of the ACS Group had been completed on 1 July 2017.

When preparing the Pro Forma Financial Information, Ai-Media has allocated the purchase price to the fair values of ACS's assets and liabilities in accordance with AASB 3, accounting for business combinations, including identified intangible assets relating to customer relationships ($1.8 million) and the ACS brand ($0.3 million), with the residual balance being goodwill ($5.2 million). These amounts have been included in Intangibles in the Pro Forma Statement of Historical Financial Position. The intangible assets and the assets and liabilities are reported as provisional amounts and are reflected in the Pro Forma Historical Statement of Financial Position as at 31 December 2019, as shown in Section 4.13.

4.2.5 Changes in accounting standards

Ai-Media adopted AASB 9 Financial Instruments (**AASB 9**) on 1 July 2018. AASB 9 required that Ai-Media adopt the expected credit loss model for accounting for impairment of financial assets accounted for at amortised cost rather than the incurred loss model required by AASB 139 Financial Instruments (**AASB 139**). An expected credit loss model results in the impairment provision being recognised in a period earlier than the incurred loss model because it requires judgements to be made about expected future losses rather than reflecting actual losses. Adoption of the standard has not materially impacted the measurement of any financial assets and, as such, no pro forma adjustment to the Historical Financial Information has been made.

Ai-Media adopted AASB 15 Revenue from Contracts with Customers (**AASB 15**) on 1 July 2018 whilst ACS early adopted AASB 15 on 1 July 2017. The standard applies a five-step model to all revenue arising from contracts to determine when to recognise revenue and at what amount. Under AASB 15, Ai-Media recognises revenue relating to the transfer of promised services to customers, using values that reflect the consideration to which it expects to be entitled in exchange for those goods or services. Adoption of the standard has not materially impacted the measurement of any revenues and as such, no pro forma adjustment to the Historical Financial Information has been made.

Ai-Media adopted AASB 16 Leases (**AASB 16**) on 1 July 2019 while ACS early adopted AASB 16 on 1 July 2017. The accounting treatment for a lessee under AASB 117 Leases (**AASB 117**) was based on categorising the lease either as a finance lease (recognised on balance sheet) or an operating lease (not recognised on balance sheet). Under AASB 16 Ai-Media is required to recognise a lease liability and a right-of-use asset on the balance sheet for most leases. As a result of the adoption of AASB 16, operating expenses decrease and depreciation and interest expense increase, and the timing of expense recognition changes due to the change from a straight-line rental expense to depreciation and interest expense (with interest expense having an accelerated profile). This Prospectus presents the Pro Forma Historical Financial Information for FY18 and FY19 and 1H FY19 and 1H FY20 on a consistent basis to illustrate the impact of AASB 16, had the standard been applied at 1 July 2017. Refer to Section 4.5 for further detail on the quantification of this impact.

4.2.6 Explanation of certain non-IFRS financial measures

Ai-Media uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 4 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information as **non-IFRS financial measures**.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although Ai-Media believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the consolidated statement of profit or loss and consolidated statement of cash flow measures that have been presented in accordance with the AAS and IFRS, nor as a replacement for them. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, Ai-Media uses the following non-IFRS financial measures:

- **Services revenue** is revenue generated from captioning and transcription services provided to customers. Services revenue includes ACS Group services revenue unless otherwise noted;
- **Other revenue** comprises revenue generated from credit card fees, expenses recharged to customers, hardware sales, project management revenues, as well as other miscellaneous revenue;
- **Cost of goods sold** comprises the wages and salaries of employees and contractors who undertake captioning services, as well as non-labour direct costs related to providing services revenue such as translation costs, retiming costs, quality assurance charges and 3rd party speech recognition costs. Cost of goods sold does not include other indirect costs nor does it include an allocation of overheads;
- **Gross profit margin** is gross profit expressed as a percentage of revenue;
- **Gross profit excluding other revenue** is services revenue less cost of sales;
- **Business development expenses** comprises travel, marketing, conference, advertising, proof of concept costs for customer product trials and other costs associated with business development;
- **Networking and information technology expenses** comprises core infrastructure maintenance and support, product development, as well as other charges associated with communication and information technology;
- **Office expenses** comprises cleaning, repairs and maintenance, security, and other charges and outgoings associated with office costs. The Pro Forma Historical Income Statements exclude rent charges consistent with AASB 16;
- **Employment expenses** represents personnel and related costs (including salaries, wages, share based payments, payroll tax, superannuation, leave entitlements and other related on-costs, as well as recruitment, training and staff amenities) associated with business development, research and development, human resources, and company operations;
- **Research and development expense** comprises personnel and related costs (including salaries and superannuation) associated with product design and development inclusive of product maintenance expenses (excluding capitalised development costs) (refer to Section 4.16);
- **Other expenses** comprise expenses for consultants, legal and other professional services, insurance, as well as other general and administrative costs such as subscriptions and membership fees, bad debts, entertainment and other sundry costs;

- **EBITDA** represents net profit/(loss) before interest on corporate and other debt (including shareholder loans, convertible notes, lease liabilities and deferred consideration owing to the vendor of ACS), interest on the lease liability recognised under AASB 16, income tax benefit/(expense), depreciation including depreciation on the right of use asset recognised under AASB16 and amortisation including amortisation of capitalised development costs;
- **Acquisition Amortisation** means non-cash amortisation of the finite life of intangible assets (including customer relationships and brand) recognised as part of acquisitions undertaken by Ai-Media;
- **EBIT** represents net profit/(loss) before interest on corporate and other debt (including shareholder loans, convertible notes, lease liabilities and deferred consideration owing to the vendor of ACS), interest on the lease liability recognised under AASB 16 and income tax benefit/(expense);
- **Profit/(loss) before tax** represents net profit/(loss) before income tax benefit/(expense);
- **CAGR** stands for Compound Average Growth Rate;
- **Working capital** means the sum of current trade and other receivables, inventories and prepayments, less the sum of trade and other payables, current provisions, and other current creditors;
- **Net cash flow before interest and tax** means cash flow from operating activities after the removal of cash flows for capitalised development expenses and payments for other capital expenditure;
- **Net cash flow before Offer impacts** means net cash flow before interest and tax after proceeds from/(repayment of) lease payments, distributions to owners, net interest payments and tax paid;
- **Net cash flow** means net cash flow before Offer impacts after proceeds from issue of shares, repayment of borrowings and costs of the Offer;
- **Capital expenditure** is a combination of capitalised development costs and other costs primarily related to property, plant and equipment;
- **Capitalised development costs** are related to significant enhancements to products that are expected to derive a future benefit to Ai-Media and are capitalised in accordance with AASB; and
- **Total research and development costs** (R&D) are research and development expense plus capitalised development costs, which Ai-Media uses as a measure of its total R&D investment. Total R&D costs expressed as a percentage of services revenue is a ratio which Ai-Media calculates and uses to consider the total investment in R&D relative to the total revenue of the business from period to period.

Although Ai-Media believes that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the financial information measures that have been presented in accordance with the AAS and not as a replacement for them. As these financial measures are not based on the AAS or IFRS, they do not have standard definitions, and the way Ai-Media calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

4.2.7 Foreign currency

Ai-Media transacts in currencies other than Ai-Media's reporting currency, the Australian Dollar (**AUD**), most notably the United States Dollar (**USD**), the Canadian Dollar (**CAD**), the British Pound (**GBP**) and the Singapore Dollar (**SGD**). Ai-Media's sales are made primarily in these currencies and the Ai-Media's cost of sales are mainly in USD and AUD. Ai-Media, therefore, to a certain extent has a natural hedge as a result within its gross profit margin. Ai-Media's operating expenses are incurred primarily in AUD and to a lesser extent in other currencies.

Outside of the natural hedge within its gross profit margin, Ai-Media has not historically hedged its foreign currency exposure and as a result Ai-Media's earnings are exposed to the net impact of movements in foreign exchange rates on Ai-Media's sales, employee expenses and purchases in the foreign currencies in which the services are provided, and hence are subject to both realised and unrealised gains and losses on foreign currency movements. The potential impact on Revenue and EBITDA of movements in the USD period in FY21F is considered in Section 4.19

4.3 Historical and Forecast Income Statements

4.3.1 Pro Forma Income Statements and Statutory Forecast Income Statements

Table 4.2: Pro Forma and Statutory Income Statements[1]

		Pro Forma Historical		Pro Forma Forecast		Statutory Forecast	
A$ millions	**Note**	**FY18**	**FY19**	**FY20F**	**FY21F**	**FY20F**	**FY21F**
Services revenue	2	26.6	31.5	36.6	43.8	24.6	43.8
Other revenue	3	0.2	0.1	1.2	0.1	0.9	0.1
Total Revenue		**26.7**	**31.6**	**37.9**	**43.8**	**25.6**	**43.8**
Cost of sales		(15.9)	(19.2)	(22.5)	(25.7)	(14.0)	(25.7)
Gross profit		**10.8**	**12.4**	**15.3**	**18.1**	**11.5**	**18.1**
Employment expenses		(6.3)	(9.0)	(15.8)	(16.1)	(14.0)	(16.1)
Business development expenses		(1.0)	(1.6)	(1.9)	(1.9)	(1.6)	(1.9)
Networking and information technology expenses		(1.1)	(1.1)	(1.2)	(0.9)	(1.2)	(0.9)
Office expenses		(0.5)	(0.4)	(0.7)	(0.7)	(0.7)	(0.7)
Other expenses		(2.1)	(3.1)	(4.2)	(3.3)	(4.4)	(6.9)
Operating expenses		**(10.9)**	**(15.1)**	**(23.8)**	**(22.9)**	**(21.8)**	**(26.5)**
EBITDA		**(0.1)**	**(2.7)**	**(8.5)**	**(4.8)**	**(10.3)**	**(8.4)**
Depreciation and amortisation	4	(1.5)	(2.0)	(2.5)	(2.5)	(2.3)	(2.5)
EBIT		**(1.6)**	**(4.6)**	**(11.0)**	**(7.3)**	**(12.5)**	**(10.9)**
Net interest expense	5	(0.1)	(0.4)	(0.4)	(0.3)	(3.6)	(2.2)
Profit/(loss) before tax		**(1.7)**	**(5.0)**	**(11.3)**	**(7.6)**	**(16.1)**	**(13.1)**
Income tax benefit/(expense)		0.5	1.4	2.8	1.8	3.3	2.0
Net profit/(loss) after tax		**(1.2)**	**(3.6)**	**(8.6)**	**(5.8)**	**(12.8)**	**(11.0)**

Notes:

1. Ai-Media completed the acquisition of the ACS Group on 4 May 2020. Accordingly, the results of the ACS Group acquisitions are not included in the Statutory results for FY18 or FY19, whilst two months of ACS Group results are included in the Statutory Forecast revenue for FY20F and 12 months are included in the Statutory Forecast for FY21F.
2. Services revenue is revenue generated from customers for the provision of captioning services.
3. Other revenue includes credit card fees, expenses recharged to customers, hardware sales, project management revenues as well as other miscellaneous revenue.
4. Relates to the depreciation of leasehold improvements, leased assets and plant and equipment as well as the amortisation of capitalised development costs. On a pro forma historical basis, this also includes amortisation costs in respect of acquired intangibles (including customer-related intangibles and acquired software) from the ACS Group acquisition undertaken by Ai-Media. These are non-cash in nature and result from the recognition of these intangible assets as part of the purchase price allocation in respect of the acquisition.
5. Net interest expense includes interest on corporate and other debt (including shareholder loans, convertible notes, lease liabilities and deferred consideration owing to the vendor of ACS) and interest on the lease liability recognised under AASB 16 net of interest income. In FY21F it also includes advisory fees expensed of $0.1 million related to the raising of $10.3 million of convertible notes.

4.3.2 Half Year Income Statements

Table 4.3: Historical and Pro Forma Half Year Income Statements

		Historical		Pro Forma Historical	
A$ millions	**Notes**	**1H FY19**	**1H FY20**	**1H FY19**	**1H FY20**
Services revenue	2	8.8	11.4	14.8	18.0
Other revenue	3	–	0.9	0.0	0.9
Total revenue		**8.8**	**12.2**	**14.9**	**18.9**
Cost of sales		(4.4)	(6.3)	(9.0)	(11.1)
Gross profit		**4.4**	**5.9**	**5.9**	**7.7**
Employment expenses		(2.3)	(5.6)	(3.3)	(6.8)
Business development expenses		(0.5)	(1.2)	(0.5)	(1.2)
Networking and information technology expenses		(0.5)	(0.5)	(0.6)	(0.5)
Office expenses		(0.1)	(0.3)	(0.1)	(0.3)
Other expenses		(0.7)	(1.4)	(1.6)	(2.2)
Operating expenses		**(4.1)**	**(9.0)**	**(6.0)**	**(11.0)**
EBITDA		**0.3**	**(3.0)**	**(0.1)**	**(3.3)**
Depreciation and amortisation	4	(0.9)	(1.1)	(0.9)	(1.2)
EBIT		**(0.6)**	**(4.1)**	**(1.1)**	**(4.5)**
Net interest expense	5	(0.1)	(0.2)	(0.1)	(0.3)
Profit/(loss) before tax		**(0.6)**	**(4.4)**	**(1.2)**	**(4.7)**
Income tax benefit/(expense)		0.1	0.8	0.3	1.3
Net profit/(loss) after tax		**(0.5)**	**(3.6)**	**(0.8)**	**(3.4)**

Refer to notes to Table 4.2.

4.4 Key Pro Forma Operating and Financial Metrics

Table 4.4: Key operating metrics FY18 to FY21F

	Pro Forma Historical		Pro Forma Forecast	
	FY18	FY19	FY20F	FY21F
Key operating metrics				
Total captioned minues ('000)	8,077	9,105	11,217	13,838
Total captioned minutes (% increase YoY)		13%	23%	23%
Services revenue/captioned minute ($/min)	3.29	3.46	3.26	3.16
Cost/captioned minute ($/min)	1.97	2.11	2.01	1.86
Margin per minute ($/min)	1.32	1.35	1.26	1.30
Total Headcount (period end)	94	122	162	174
Key financial metrics				
Services revenue growth		18.4%	16.4%	19.5%
Revenue growth		18.2%	19.8%	15.7%
Gross profit margin – ex other revenue	40.0%	39.0%	38.5%	41.2%
Gross profit growth (% increase YoY)		14.9%	23.4%	18.1%
Gross profit growth – ex other revenue (% increase YoY)		15.5%	14.7%	28.1%
Business development expense (as % of service revenue)	3.6%	5.0%	5.1%	4.3%
Research and development expensed ($ million)	0.6	0.9	1.6	1.5
Capitalised research and development cost ($ million)	1.0	1.9	2.2	1.6
Total research and development costs ($ million)	1.6	2.8	3.8	3.1
Research and development expense (as % of service revenue)	2.2%	3.0%	4.2%	3.4%
Total research and development costs (as % of service revenue)	5.9%	9.0%	10.3%	7.1%

Table 4.5: Key operating metrics 1HFY19 and 1HFY20

	Pro Forma Historical	
	1H FY19	1H FY20
Key operating metrics		
Total captioned minutes ('000)	4,241	5,182
Services revenue/captioned minute ($/min)	3.50	3.47
Cost/captioned minute ($/min)	2.14	2.16
Margin per minute ($/min)	1.36	1.31
Key financial metrics		
Services revenue growth	n/a	21.2%
Revenue growth	n/a	26.9%
Gross profit margin – ex other revenue	39.6%	38.2%
Gross profit growth (% increase YoY)	n/a	31.3%
Gross profit growth – ex other revenue (% increase YoY)	n/a	16.9%
Business development expense (as % of service revenue)	3.1%	6.4%

4.5 Pro Forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements

Table 4.6: Pro Forma Adjustments to Statutory Historical and Forecast Revenue

		Historical		Forecast	
A$ millions	**Notes**	**FY18**	**FY19**	**FY20F**	**FY21F**
Statutory revenue	1	16.2	18.4	25.6	43.8
Impact of ACS Group acquisition	2	10.5	13.2	12.3	–
Pro Forma revenue		**26.7**	**31.6**	**37.9**	**43.8**

Notes:

1. Ai-Media completed the acquisition of ACS Group effective from 4 May 2020. Accordingly, no ACS revenue is included in Statutory revenue for FY18 or FY19, whilst 2 months of ACS Group revenue are included in Statutory Forecast revenue for FY20F and 12 months are included in Statutory Forecast revenue for FY21F.
2. This pro forma adjustment is made to reflect the revenue for Ai-Media as if the ACS Group transaction had completed on 1 July 2017. The adjustment in FY20F reflects the fact that 2 months of ACS Group revenue is included in Ai-Media's statutory revenue for FY20F (May and June 2020), and hence the pro forma adjustment adds in the remaining 10 months of the financial year (July 2019 to April 2020 inclusive).

Table 4.7: Pro Forma Adjustments to Statutory Historical and Forecast EBITDA

A$ millions	Notes	Historical		Forecast	
		FY18	FY19	FY20F	FY21F
Statutory EBITDA		**(0.4)**	**(2.9)**	**(10.3)**	**(8.4)**
Net impact of ACS Group acquisition	3	0.6	0.50	1.0	–
Application of AASB 16	4	0.3	0.4	–	–
Offer Costs	5	–	–	0.6	3.6
Incremental public company costs	6	(0.6)	(0.6)	(0.6)	(0.0)
Acquisition expenses	7	–	–	0.8	–
Pro Forma EBITDA		**(0.1)**	**(2.6)**	**(8.5)**	**(4.8)**

Table 4.8: Pro Forma Adjustments to Statutory Historical and Forecast NPAT

A$ millions	Notes	Historical		Forecast	
		FY18	FY19	FY20F	FY21F
Statutory NPAT		**(0.4)**	**(3.9)**	**(12.8)**	**(11.0)**
Net impact of ACS Group acquisition	3	0.3	0.2	0.7	–
Application of AASB 16	4	(0.0)	(0.0)	–	–
Offer Costs	5	–	–	0.6	3.6
Incremental public company costs	6	(0.6)	(0.6)	(0.6)	(0.0)
Acquisition expenses	7	–	–	0.8	–
Convertible note interest expense	8	–	–	3.3	1.9
Statutory income tax (benefit)/expense	9	(0.9)	(0.7)	(3.3)	(2.0)
Pro forma income tax benefit/(expense)	9	0.5	1.4	2.8	1.8
Pro Forma NPAT		**(1.2)**	**(3.6)**	**(8.5)**	**(5.8)**

Notes:

3. The Company completed the acquisition of ACS Group with an effective acquisition date of 1 May 2020 and the pro forma adjustment reflects the historical EBITDA/net profit before tax of ACS Group up until the effective acquisition date.
4. The impact of AASB16 has been retrospectively applied to FY18 and FY19 expenses to make those years consistent with FY20F and FY21F when the standard has come into effect. There is no material impact of AASB16 at the NPAT level.
5. Total costs of the Offer are estimated at $6.4 million. Of this amount, $0.6 million was paid during FY20F. The remaining $5.8 million will be paid out of proceeds of the Offer. Of total Offer costs, approximately $4.0 million (before tax) relates to the sale of existing shares and will be expensed in the profit and loss statement. The remaining costs estimated at $2.4 million (before tax) are attributed to the issue of new Shares by the Company and will be offset against equity in the balance sheet. The Offer costs also include $0.2 million relating to the Employee Gift Offer.
6. This represents the estimated incremental costs that the Company will incur as a listed public company. The additional costs include additional audit costs, board fees, investor relations costs, listing fees and share registry fees.
7. This adjustment reflects exclusion of certain expenses which were associated with the acquisition of ACS Group and included accounting, legal and corporate advisory fees.
8. This represents interest expenses, which include the fair value adjustments in respect of the conversion in relation to the convertible notes, which will convert to equity at the time of the IPO.
9. Income tax benefit/(expense) has been adjusted to replace the statutory historical income tax benefit/expense with the pro forma income tax benefit/(expense). The effective pro forma corporate income tax rates used for the pro forma adjustment are FY18: 27.5%; FY19: 27.5%; FY20: 27.5%; and FY21: 26% as Ai-Media was (and is forecast to be) eligible for the lower company tax rate.

4.6 Pro Forma Adjustments to the Statutory Historical Half Year Income Statements

Table 4.9: Pro Forma Adjustments to Historical Half Year Revenue

		Historical	
A$ millions	**Notes**	**1H FY19**	**1H FY20**
Reported revenue	1	8.8	12.2
Net impact of ACS Group acquisition	2	6.0	6.6
Pro Forma revenue		**14.9**	**18.9**

Notes:

1. Ai-Media completed the acquisition of ACS Group effective from 4 May 2020. Accordingly, no ACS Group revenue is included in reported revenue for 1H FY19 or 1H FY20.
2. This pro forma adjustment is made to reflect the pro forma revenue for Ai-Media as if the ACS Group transaction had completed on 1 July 2017.

Table 4.10: Pro Forma Adjustments to Historical EBITDA

		Historical	
A$ millions	**Notes**	**1H FY19**	**1H FY20**
Reported EBITDA		**0.3**	**(3.0)**
Net impact of ACS Group acquisition	3	0.0	0.3
Incremental public company costs	6	(0.5)	(0.5)
Pro Forma EBITDA		**(0.1)**	**(3.3)**

Table 4.11: Pro Forma Adjustments to Historical NPAT

		Historical	
A$ millions	**Notes**	**1H FY19**	**1H FY20**
Reported NPAT		**(0.5)**	**(3.6)**
Net impact of ACS Group acquisition	3	(0.0)	0.2
Incremental public company costs	6	(0.5)	(0.5)
Reported income tax (benefit)/ expense	9	(0.1)	(0.8)
Pro forma income tax (benefit)/ expense	9	0.3	1.3
Pro Forma NPAT		**(0.8)**	**(3.4)**

Refer to notes to Table 4.8.

Note:

Tables 4.10 and 4.11 do not include an adjustment for AASB 16 as the new accounting standard was adopted from 1 July 2019 and reflected in the statutory accounts for the half year ended 31 December 2019. The half year statutory accounts for the year ended 31 December 2019 also included the impact of the adoption of AASB 16 in the comparative financial information for the half year ended 31 December 2018.

4.7 Segment information

Ai-Media operates in three key reportable geographic segments, namely Australia and New Zealand (**ANZ**), North America, and Rest of World (representing EMEA and Asia) together with the head office cost base reported as corporate.

Table 4.12: Segment Pro Forma Revenue by region

A$ millions	FY18	FY19	FY20F	FY21F
ANZ	15.0	16.1	17.3	19.0
North America	10.7	13.9	16.2	18.7
Rest of World	0.9	1.4	3.1	6.1
Total Services revenue	**26.6**	**31.5**	**36.6**	**43.8**
Other revenue	0.2	0.1	1.2	0.1
Total revenue	**26.7**	**31.6**	**37.9**	**43.8**

Service revenue growth (%)	FY18	FY19	FY20F	FY21F
ANZ		8%	7%	10%
North America		30%	17%	15%
Rest of World		64%	120%	95%
Total Services revenue		**18%**	**16%**	**20%**

Table 4.13: Segment Pro Forma EBITDA by region

A$ millions	FY18	FY19	FY20F	FY21F
ANZ	7.1	6.8	6.4	7.5
North America	0.2	(0.4)	0.2	1.5
Rest of World	(0.0)	(0.1)	(0.0)	1.4
Corporate Overheads	(7.4)	(8.9)	(15.0)	(15.3)
TOTAL EBITDA	**(0.1)**	**(2.7)**	**(8.5)**	**(4.8)**

4.8 Statutory Historical Income Statements

Table 4.14: Historical Statutory Income Statements FY18 and FY19

		Statutory Historical	
A$ millions	Notes	FY18	FY19
Services revenue	2	16.1	18.3
Other revenue	3	0.1	0.1
Total Revenue		**16.2**	**18.4**
Cost of sales		(8.1)	(9.4)
Gross profit		**8.1**	**9.0**
Employment expenses		(4.7)	(7.0)
Business development expenses		(0.8)	(1.3)
Networking and information technology expenses		(1.0)	(1.0)
Office expenses		(0.8)	(0.7)
Other expenses		(1.2)	(1.9)
Operating expenses		**(8.4)**	**(12.0)**
EBITDA		**(0.4)**	**(2.9)**
Depreciation and amortisation	4	(1.0)	(1.4)
EBIT		**(1.3)**	**(4.3)**
Net interest expense		0.0	(0.2)
Profit/(loss) before tax		**(1.3)**	**(4.5)**
Income tax benefit/(expense)		0.9	0.7
Net profit/(loss) after tax		**(0.4)**	**(3.9)**

Refer to notes to Table 4.2.

4.9 Statutory Historical and Statutory and Pro Forma Forecast Cash Flows

Table 4.15: Pro Forma Historical and Pro Forma and Statutory Forecast Cash Flows[1]

		Pro Forma Historical		Pro Forma Forecast		Statutory Forecast	
A$ millions	Notes	FY18	FY19	FY20F	FY21F	FY20F	FY21F
EBITDA		**(0.1)**	**(2.6)**	**(8.5)**	**(4.8)**	**(10.3)**	**(8.4)**
Changes in working capital	2	0.2	(1.2)	(0.2)	(2.5)	(0.3)	(2.5)
Non-cash items	3	1.5	2.2	0.6	4.3	0.6	4.3
Other		0.1	0.1	–	–	–	–
Cash flow from operating activities		**1.8**	**(1.5)**	**(8.1)**	**(3.0)**	**(9.9)**	**(6.6)**
Proceeds from/(repayment of) lease payments		(0.4)	(0.0)	0.2	(0.8)	0.2	(0.8)
Capitalised development costs	4	(1.0)	(1.9)	(2.2)	(1.8)	(2.2)	(1.6)
Other capital expenditure	5	(0.9)	(0.6)	(0.8)	(0.4)	(0.8)	(0.6)
Net cash flow before interest and tax		**(0.6)**	**(4.0)**	**(10.9)**	**(5.9)**	**(12.7)**	**(9.5)**
Proceeds from/(repayment of) borrowings	6			0.6	–	12.0	–
Net interest payments	7			(0.2)	(0.1)	(0.2)	(0.7)
Tax paid				–	–	(0.2)	–
Net cash flow before Offer impacts				**(10.6)**	**(6.0)**	**(1.0)**	**(10.2)**
Proceeds from issue of shares	8					–	30.0
Repayment of shareholder loans	9					–	(5.4)
Cost of the Offer	10					–	(2.4)
Net cash flow						**(1.0)**	**11.9**

Notes:

1. For FY20F, statutory forecast cash flow includes Ai-Media (ex ACS Group), plus 2 months of cashflows from ACS Group (reflecting the period in FY20 when ACS Group was owned by Ai-Media).
2. Working capital means the sum of trade receivables, accrued revenues, prepaid insurances less the sum of trade payables, other creditors, accrued expenses, taxes and accrued wages and salaries.
3. Non-cash items include non-cash employee share scheme expense.
4. Reflects the capitalisation of product development expenses. These expenses are capitalised in accordance with the capitalisation criteria in AASB 138 Intangible Assets. The expenditure capitalised comprises direct labour and associated on-costs.
5. Other capital expenditure includes other intangibles such as software, leasehold improvements and equipment purchases.
6. This represents proceeds received from issue of a convertible and proceeds from shareholder loans which have been adjusted on a pro forma basis.
7. Interest includes lease finance interest pursuant to AASB 16 as well as in FY21F interest on the convertible notes which has been adjusted on a pro forma basis.
8. Proceeds from issue of shares represent the cash inflow from the primary raise of $30 million.
9. This represents the repayment of shareholder loans and payment of deferred consideration associated with the ACS Group acquisition.
10. Costs of the Offer directly associated with the primary issue and not recognised in the income statement.

Table 4.16 Statutory Historical Cash Flows

A$ millions	Notes	Statutory Historical FY18	Statutory Historical FY19
EBITDA		**(0.4)**	**(2.9)**
Changes in working capital	2	0.3	(1.1)
Non-cash items	3	1.5	2.2
Other		0.1	0.1
Cash flow from operating activities		**1.5**	**(1.7)**
Proceeds from/(repayment of) lease payments		(0.1)	0.4
Capitalised development costs	4	(1.0)	(1.9)
Other capital expenditure	4	(0.8)	(0.6)
Net cash flow before interest and tax		**(0.4)**	**(3.8)**
Proceeds from/(repayment of) borrowings	5	–	(0.3)
Net interest payments	6	0.0	(0.0)
Tax paid		(0.6)	(0.9)
Net cash flow before Offer impacts		**(0.9)**	**(4.9)**

Refer to notes to Table 4.15

4.10 Half Year Cash Flows

Table 4.17: Pro Forma Cash Flows for 1H FY19 and 1H FY20, and Historical Cash Flows for 1H FY19 and 1H FY20.

		Pro Forma Historical		Historical	
A$ millions	**Notes**	**H1 FY19**	**H1 FY20**	**H1 FY19**	**H1 FY20**
EBITDA		**(0.1)**	**(3.3)**	**0.3**	**(3.0)**
Changes in working capital	2	(1.6)	1.1	(1.4)	1.0
Non-cash items	3	(0.2)	0.0	(0.2)	0.0
Cash flow from operating activities		**(1.9)**	**(2.1)**	**(1.2)**	**(2.0)**
Proceeds from/(repayment of) lease payments		(0.1)	(0.4)	(0.1)	(0.4)
Capitalised development costs	4	(0.9)	(1.2)	(0.9)	(1.2)
Other capital expenditure	4	(0.2)	(0.1)	(0.2)	(0.1)
Net cash flow before interest and tax		**(3.2)**	**(3.8)**	**(2.5)**	**(3.7)**
Proceeds from/(repayment of) borrowings	5			–	6.1
Net interest payments	6			0.0	(0.2)
Tax refunded				0.5	0.6
Net cash flow before Offer impacts				**(1.9)**	**2.7**

Refer to notes to Table 4.15

4.11 Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows

Table 4.18: Reconciliation of Statutory net cash flow before interest and tax to Pro Forma net cash flow before interest and tax for FY18, FY19, FY20F and FY21F

		Historical		Forecast	
A$ millions	**Notes**	**FY18**	**FY19**	**FY20F**	**FY21F**
Statutory net cash flow before interest and tax	1	**(0.4)**	**(3.7)**	**(12.7)**	**(9.5)**
ACS Group acquisition	2	0.5	0.4	1.8	0.0
Public company costs	3	(0.6)	(0.6)	(0.6)	(0.0)
Offer costs	4	–	–	0.6	3.6
Pro forma net cash flow before interest and tax		**(0.6)**	**(4.0)**	**(10.9)**	**(5.9)**

Notes:

1. The Statutory Historical cash flows have been extracted from the FY18 and FY19 audited financial statements of Ai-Media (ex ACS Group). For FY20F, statutory cashflow includes Ai-Media (ex ACS Group), plus 2 months of cashflows from ACS Group (reflecting the period in FY20 when ACS Group was owned by Ai-Media).
2. For FY18 and FY19, this represents ACS statutory cashflows. For FY20, this adjustment represents an additional 10 months of cashflows from ACS Group (i.e. the part of the financial year for which ACS Group was not owned by Ai-Media) and the transaction costs ($0.8 million) associated with the acquisition of ACS Group which have been added back for the purpose of the pro forma cash flows.
3. Pro forma adjustment for FY18, FY19 and FY20F reflects full year impact of public company costs. FY21F includes an estimate of public company costs ($0.04 million) for the 2 months of FY21F, prior to the Offer.
4. Offer costs paid in FY20F and FY21F, which have been deducted in estimating statutory net cash flow before interest and tax.

4.12 Pro Forma adjustments to the Historical Half Year Cash Flows

Table 4.19: Summary of the pro forma adjustments made to historical cash flows before interest and tax for 1H19 and 1H20

		Historical	
A$ millions	**Notes**	**H1 FY19**	**H1 FY20**
Reported net cash flow before interest and tax	1	**(2.5)**	**(3.7)**
ACS Group acquisition	2	(0.2)	0.4
Public company costs	3	(0.5)	(0.5)
Pro forma net cash flow before interest and tax		**(3.2)**	**(3.8)**

Refer to notes to Table 4.18.

4.13 Statutory and Pro Forma Historical Statement of Financial Position

Table 4.20: Statutory and Pro Forma Historical Statements of Financial Position as at 31 December 2019

A$ millions	Notes	Statutory 31 December 2019	Acquisition of ACS Group	Legacy Employee Share Schemes	Convertible Notes	Impact of the Offer	Pro Forma 31 December 2019
Current assets							
Cash and cash equivalents	1,2,3,5,7	3.4	(3.2)	(3.4)	5.8	20.5	23.2
Trade and other receivables	2	5.2	1.0	–	–	–	6.2
Contract assets		0.2	–	–	–	–	0.2
Investments		0.3	–	–	–	–	0.3
Total current assets		**9.1**	**(2.2)**	**(3.4)**	**5.8**	**20.5**	**29.9**
Non-current assets							
Property, plant and equipment	2	0.9	0.0	–	–	–	0.9
Right-of-use assets	2	1.5	0.0	–	–	–	1.5
Intangibles	2,3	3.6	7.4	–	–	–	11.0
Deferred tax	4,9	1.2	–	–	–	1.2	2.4
Total non-current assets		**7.2**	**7.4**	**–**	**–**	**1.2**	**15.8**
Total assets		**16.3**	**5.2**	**(3.4)**	**5.8**	**21.7**	**45.7**
Current liabilities							
Trade and other payables	2,7	4.3	0.6	(1.0)	0.3	(0.6)	3.7
Provisions		1.8	–	–	–	–	1.8
Contract liabilities		0.1	–	–	–	–	0.1
Borrowings	2,5	2.4	0.6	–	–	(2.4)	0.6
Lease liabilities	2	0.8	0.0	–	–	–	0.8
Derivative financial instruments	1	0.3	–	–	4.2	(4.5)	–
Provision for tax	2	0.1	0.6	–	–	–	0.7
Employee benefits		0.9	–	–	–	–	0.9
Total current liabilities		**10.6**	**1.8**	**(1.0)**	**4.6**	**(7.6)**	**8.5**

A$ millions	Notes	Statutory 31 December 2019	Acquisition of ACS Group	Legacy Employee Share Schemes	Convertible Notes	Impact of the Offer	Pro Forma 31 December 2019
Non-current liabilities							
Borrowings	2	4.0	0.6	–	6.5	(10.5)	0.6
Lease liabilities		1.4	–	–	–	–	1.4
Employee benefits		0.4	–	–	–	–	0.4
Provisions		0.3	–	–	–	–	0.3
Total non-current liabilities		**6.1**	**0.6**	**–**	**6.5**	**(10.5)**	**2.7**
Total liabilities		**16.7**	**2.4**	**(1.0)**	**11.0**	**(18.0)**	**11.1**
Net assets		**(0.4)**	**2.9**	**(2.4)**	**(5.2)**	**39.7**	**34.6**
Equity							
Issued equity	1,2,3,9	9.0	2.9	–	–	42.8	54.6
Reserves	3,8	7.8	–	(7.8)	–	–	0.0
Retained earnings	6,7,8,9	(17.1)	–	5.3	(5.2)	(3.1)	(20.1)
Total equity		**(0.4)**	**2.9**	**(2.4)**	**(5.2)**	**39.7**	**34.6**

Notes:

1. Cash and equity increase reflecting the primary equity raised through proceeds of the Offer of $30.0 million less $6.4 million costs of the Offer and less $2.4 million relating to the repayment of shareholder loans. The Offer costs presented are costs borne solely by Ai-Media. The convertible notes adjustment reflects approximately $5.8 million of cash raised through a convertible note issue in February and March 2020 which will be converted into ordinary shares immediately prior to Completion of the Offer (the $4.5 million of cash raised through a convertible note issue in December 2019 is reflected in the statutory balance sheet as at 31 December 2019). The derivative financial instrument at 31 December 2019 ($0.3 million) relates to the convertible note issued in December 2019 while the derivative financial instrument pro forma adjustment of $4.2 million relates to the issue of the convertible note in February and March 2020. Both of these balances will be eliminated when the convertible note is settled at the time of the Offer. Cash is reduced by the payment of a terminating cash settled employee incentive plan.
2. The net impact of the ACS Group acquisition has been incorporated into the pro forma statement of financial position. A purchase price allocation has been completed for the acquisition of ACS Group. When preparing the Pro Forma Financial Information, Ai-Media has allocated the purchase price to the fair values of ACS's assets and liabilities in accordance with AASB 3, accounting for business combinations, including customer relationships ($1.8 million), and the ACS brand ($0.3 million), with the balance being goodwill ($5.2 million), which have all been included in intangibles in addition to ACS's existing balance of intangibles. A deferred tax liability of $0.6 million has been recognised in relation to the intangible assets.
3. The acquisition price of ACS Group is estimated to be $6.4 million, of which $0.7 million had been paid to the Vendor prior to Completion of the Offer. An additional cash payment of $2.8 million is to be made within 45 days of the Completion of the Offer. In addition, Ai-Media will issue the ACS Vendor $2.9 million of New Shares at the Offer Price in conjunction with the Offer.
4. Deferred tax asset adjustment represents the recognition of deferred tax assets that arise as a result of the payment of IPO costs by the Company on Completion of the Offer and the Employee Gift Offer (A$1.2 million).
5. Deferred cash payments relating to the ACS Group acquisition of which $0.7 million has been paid to the Vendor prior to Completion of the Offer with an additional cash payment of $2.8 million to be made within 45 days of Completion of the Offer.
6. Adjustment to accumulated losses reflects the Offer Costs expensed in the income statement net of 27.5% effective corporate tax rate.
7. Cash, retained earnings and trade and other payables are impacted by the settling of the existing cash based employee share plan at the Offer Price of $1.23.
8. Reserves and retained earnings are impacted by the settling of the existing equity based employee share plans at the Offer price of $1.23. Reserves are also impacted by the removal of previously cancelled employee share scheme entitlements that were previously expensed ($4.4 million).
9. This includes a $0.2 million increase in equity as Ai-Media was (and is forecast to be) eligible for the lower company tax rate, relating to the Employee Gift Offer.

4.14 Net Debt and Contractual Commitments

Table 4.21: Pro-Forma Indebtedness

$ millions	Notes	Statutory 31 December 2019	Pro Forma adjustments: Acquisition of the ACS Group	Terminating Employee Share Schemes	Convertible Notes	Impact of the Offer	Reviewed 31 December 2019
Net cash/(debt)							
Cash and Cash Equivalents	1, 2, 3, 5, 7	3.4	(3.2)	(3.4)	5.8	20.5	23.2
Current loans and borrowings:							
– Borrowings	2, 5	(2.4)	(0.6)	–	–	2.4	(0.6)
– Lease liabilities	2	(0.8)	(0.0)	–	(0.0)	–	(0.8)
Derivative financial instruments		(0.3)	–	–	(4.2)	4.5	–
Non current loans and borrowings:							
– Borrowings	2	(4.0)	(0.6)	–	(6.5)	10.5	(0.6)
– Lease liabilities		(1.4)	–	–	–	–	(1.4)
Net cash/(debt)		**(5.5)**	**(4.4)**	**(3.4)**	**(4.9)**	**38.0**	**19.8**

Refer to notes to table 4.20.

4.14.1 Summary of existing banking facilities and contractual obligations

Ai-Media has a $1.0 million overdraft facility with National Australia Bank Limited (ACN 004 044 937) (**NAB**). This overdraft is secured by a term deposit with a balance of approximately $1.3 million.

This facility is used to support a number of guarantees provided to landlords of properties rented by Ai-Media in Sydney and Melbourne, totalling approximately $0.3 million. The remainder of the overdraft facility was undrawn at 31 December 2019.

Table 4.22 sets out the contractual obligations, commitments and contingent liabilities of Ai-Media as at 31 December 2019.

Table 4.22: Summary of Commitments as at 31 December 2019

As at 31 December 2019 $ millions	< 1 year	1-5 years	> 5 years
Property lease commitments	0.4	0.7	0.0
Capital equipment lease	0.4	0.5	0.0

4.15 Liquidity and capital resources

Following Completion of the Offer, Ai-Media's principal sources of funds will be cash flow from operations and cash held at Completion of the Offer. Ai-Media expects that it will have sufficient cash flow from operations to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated objectives.

Ai-Media's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

4.16 Reconciliation of capitalised development costs

In line with AASB 138, Ai-Media capitalises a portion of employee salaries and wages (including superannuation) and contractor costs relating to the development of software. The capitalised costs are amortised on a straight-line basis over a four-year period.

The total cost to the income statement in a year is the proportion of costs which are expensed (typically relating to research time and maintenance of the software) and the amortisation expense.

The cash outflow includes both the amount capitalised in that given year as well as the expense recognised in the income statement (ignoring any working capital impacts at the start and end of the year).

Table 4.23: Reconciliation of Capitalised Development Cost FY18 to FY21F

	Pro Forma Historical		Pro Forma Forecast	
A$ millions	**FY18**	**FY19**	**FY20F**	**FY21F**
Research and Development cash outflow				
Research and development expensed	0.6	0.9	1.6	1.5
Research and development capitalised	1.0	1.9	2.2	1.6
Total research and development cash outflow	1.6	2.8	3.8	3.1
Research and development expensed	0.6	0.9	1.6	1.5
Research and development amortisation	0.4	0.7	1.2	1.5
Impact on NPAT	1.0	1.6	2.8	3.0

4.17 Forecast Financial Information

4.17.1 Assumptions in relation to the Forecast Financial Information

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by Ai-Media, which are in accordance with the AAS and are disclosed in Appendix A. The Forecast Financial Information is based on various general and specific assumptions concerning future events, including those set out below. The assumptions below are set out in summary only and do not represent all factors that may affect Ai-Media's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will occur.

In preparing the Forecast Financial Information, Ai-Media has undertaken an analysis of historical performance (including having regard to the unaudited management accounts for the year ended 30 June 2020) and applied assumptions in order to forecast future performance for FY20F and FY21F. Ai-Media believes that the assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general and specific assumptions set out in Sections 4.17.1 and Section 4.17.2 respectively. However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Ai-Media and the members of its Board and are not reliably predictable.

Accordingly, no assurance is given that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.19, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

The following general assumptions are relevant to the Forecast Financial Information:

- there are no material changes in the competitive and operating environment in which Ai-Media operates; in particular that the impact of COVID-19 from a global and Australian perspective continues in a similar way to that experienced so far in 2020 with the general expectation of a slow economic recovery commencing in the last quarter of 2020. Refer to Section 4.17.1.1 below for additional considerations on the impact of COVID-19 on the recent trading performance of the business and the specific assumptions noted below which consider the expected impact of the COVID-19 pandemic;
- there are no significant deviations from current market expectations of economic and market conditions under which Ai-Media operates;
- there are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of Ai-Media;
- there are no changes in applicable AAS, IFRS, other mandatory requirements or Corporations Act which could have a material impact on Ai-Media's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- there are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of Ai-Media;
- there are no material changes in key personnel, including key management personnel. It is also assumed that Ai-Media will maintain its ability to recruit and retain the personnel required to support the future growth of Ai-Media;
- there are no material changes to Ai-Media's corporate and funding structure other than the transactions contemplated under the terms of the Offer set out in this Prospectus;
- there are no significant disruptions to the continuity of operations of Ai-Media or other material changes in the business;
- there are no material amendments to any material contract, agreement or arrangement relating to Ai-Media's business or intellectual property;
- none of the risks listed in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of Ai-Media; and
- the Offer proceeds are received in accordance with the timetable set out in the Key Dates on page 3 of this Prospectus.

4.17.1.1 Impact of COVID-19

As highlighted in the risk described in Section 5.3.3, whilst the full impact of COVID-19 on language services is still unclear, the pandemic is likely to have both negative and positive impacts for the industry and Ai-Media. The business has traded consistently relatively stable through the most recent period (March – June 2020) during which the COVID-19 pandemic has impacted Ai-Media's primary operating markets of Australia and North America.

During this period, Management has responded to the cancellation of "live events" (e.g. sports and conferences) by focusing more on virtual events and targeting the shift to virtual meetings more generally in the workplace and in educational organisations.

In the short-term (remainder of 2020) the cancellation/postponement of live events (such as company meetings and conferences) and live lectures/training courses, and reduction in corporate expenditure, are likely to have a negative impact, particularly on interpreting services (60% of which was previously undertaken in face-to-face settings). Conversely, speech-to-text services such as captioning and subtitling are likely to be relatively unaffected, particularly in the broadcast sector, as these are largely governed by regulatory requirements. Streaming media providers are also seeing a significant boost to subscriber numbers, which is likely to feed through to enhanced content expenditure, driving increased demand for content localisation.

4.17.1.2 Other forecast assumptions

The following other assumptions have been made in preparing the FY20F and FY21F forecasts:

- Depreciation: depreciation policy and useful life assumptions are forecast to remain consistent with historical levels;
- Amortisation: amortisation policy and useful life assumptions are forecast to remain consistent with historical level;
- Interest expenses: interest expenses in relation to AASB 16, the deferred consideration owing to the ACS Vendor, lease liabilities and convertible note finance costs; and
- Income tax benefit / expense: pro forma tax is assumed to be based on the profit (or loss) before tax by entity at the relevant tax rate in each jurisdiction after adjusting for permanent tax differences

The following exchange rates have been used in the FY21F:

A$:GBP 0.55

A$:USD 0.70

A$:CAN 0.94

A$:SGP 0.97

4.17.2 Specific assumptions

The Forecast Financial Information has been prepared with consideration of the actual, unaudited, trading performance of Ai-Media through to 30 June 2020 and is based on various specific assumptions. The key specific assumptions are set out below.

Ai-Media derives captioning revenue from both broadcast and enterprise. Most services are provided on a rate per minute basis with the rate varying depending upon the type of captioning work being performed, with services provided to broadcast customers attracting a higher rate due to the complexity of the work and the additional costs involved in servicing these customers.

Operating expenses comprise cost of sales expenses to deliver captioning services to customers and overheads to support the business, including marketing, IT, employment and other expenses.

4.17.2.1 Services revenue

Ai-Media derives its revenue from both repeating and new customers and across a number of key geographic and sector markets. Overall the forecast has been built up on a customer/contract/segment basis with regard to the most recent run rate of the business and known or expected future outcomes. Fundamental drivers of the business are the number of minutes that captions are applied to and the unit price applied by the minute, which is the way that the majority of Ai-Media's revenue is derived. The key assumptions are summarised below and explained in more detail in the commentary that follows in Section 4.18.1:

- **Revenue from repeating customers**: defined as customers who have placed an order and either had the order completed or expected to complete in the FY20F financial year and had provided an order to Ai-Media in both FY18 and FY19. In FY20F, Ai-Media has formed specific revenue growth assumptions for repeat customers based on historical trend and known future activity which results in 86% of pro forma services revenue in FY20F expected to be derived from repeat customers (see Section 3.6.1);
- **Revenue from new customers**: 14% of FY21F pro forma services revenue is expected to be generated from new customers, sourced from leads generated via various sales and marketing activities;
- **Pipeline opportunities**: opportunities have been included in the FY21F revenue forecast that relate to specifically identified significant new business opportunities with known customers only. Where Ai-Media is participating in tender processes for new contracts then revenue has been included in the FY21F forecast on a probability-weighted basis. Pipeline opportunities included in the FY21F service revenue forecast amount to $3.3 million and reflect Ai-Media's expected outcome, past experience in the market and advanced discussions with potential new customers. To the extent that any of these assumptions change, FY21F service revenue could be lower than forecast. However, in addition to pipeline opportunities that have been included in the FY21F forecast, Ai-Media is in early stage discussions with other potential new customers and these opportunities have not been included in the FY21F forecast on the basis that they are preliminary in nature and less certain in terms of timing and quantification (refer to the notes to Figure 4.4 in Section 4.18.1);

- **Minute volume**: total captioned minutes are forecast to be 11.2 million in FY20F and increase 23% to 13.8 million in FY21F. Forecast growth in minute volume is driven by a combination of growth in minutes from existing customers and-from new customers;
- **Average service revenue per captioned minute**: service revenue per captioned minute is forecast to be $3.26/minute in FY20F and decline to $3.16/minute in FY21F. The average service revenue per captioned minute is driven by the mix of services that are provided and the variation of prices in different regions. Any change in the expected mix of service revenue forecast in FY21F may impact the assumption of average service revenue per captioned minutes and therefore total revenue;
- **Broadcast revenue**: Services provided to broadcasters include captioning live, primarily sporting, events and recorded content. Live broadcast work was impacted by the COVID-19 pandemic restrictions on Australian sporting events. Recorded broadcast work was also impacted by the COVID-19 pandemic due to social distancing restrictions at recorded broadcast locations. Ai-Media has assumed a gradual recovery of revenue in the broadcast category, with live events and recorded broadcast programs recommencing in the last quarter of 2020. Broadcast revenue is assumed to be $15.2 million in FY20F and $17.8 million in FY21F;
- **Enterprise revenue**: enterprise revenue consists of services provided to corporates, governments and universities. The enterprise category has not been significantly impacted by the COVID-19 pandemic due to the greater diversity and composition of customers compared to the broadcast category and the ability of enterprise customers to move to virtual meetings and communication channels; and
- **Live convention revenue**: Ai-Media has included $1.0 million revenue expected to be derived from live conventions in FY21F as compared to $1.2 million in FY20F. Despite restrictions being in place in certain geographies around the number of people able to meet, Ai-Media has continued to earn revenue in this area. With the expected relaxation of these restrictions, Ai-Media expects those activities to gradually recover over the course of FY21F. In addition, during the COVID-19 period Ai-Media has experienced some of these events shifting from live in-person to virtual-live events, which continue to require captioning. To the extent that there are less conventions which require captioning services than expected, this will reduce the revenue earned by Ai-Media in FY21F.

4.17.2.2 Costs of Sales and Operating Expenses

An explanation of key cost of sales and operating expense assumptions is as follows:

- **Cost of sales**: primarily relates to the cost of Ai-Media's captioners, both employees and independent contractors, who carry out the captioning services for customers, together with captioning co-ordinators and 3rd party software services. These costs are a combination of fixed and variable expenses and generally increase in line with revenue growth. Further details of specific cost of sales assumptions made in preparing FY20F and FY21F forecasts are set out in Section 4.18.2;
- **Employment expenses**: represents personnel and related costs (including salaries, wages, payroll tax, superannuation, leave entitlements and other related on-costs, as well as recruitment, training and staff amenities) associated with business development, research and development, human resources, and company operations. Further details of specific employment expense assumptions made in preparing FY20F and FY21F forecasts are set out in Section 4.18.3.1;
- **Business development expenses**: relates to marketing expenditure including advertising spend, exhibits at trade shows and conferences and travel costs. These costs are expected to remain broadly flat in FY21F versus FY20F due to COVID-19 impacts limiting trade shows and conferences and the associated travel costs. These are generally expected to increase as the business scales, especially in new regions;
- **Networking and information technology expenses**: relates to core infrastructure and network maintenance, technical and software support, internet and data charges and other telecommunications charges. Whilst some of these costs are fixed in nature, others will increase as the business scales; and
- **Other expenses**: comprises expenses for consultants, legal and other professional services, insurance, as well as other general and administrative costs. These costs are expected to decline significantly in FY21F, as the use of contract resources is reduced in the business.

The expenses above include the full cost base of ACS Group which may be reduced in the future, especially in the cost of sales expense as cost reductions from the use of Ai-Media technology assists in reducing costs to service customers.

4.17.2.3 Depreciation and amortisation

- **Depreciation expense**: relates to the depreciation of plant and equipment and computer equipment.
- **Amortisation expense**: relates to intangible assets with finite lives, including capitalised software development costs.
- **Amortisation of acquired intangibles**: includes acquired customer relationships from the acquisitions of ACS Group and from acquisitions made historically by ACS Group.

Rates of depreciation and amortisation used in the FY20F and FY21F forecasts are consistent with historical rates.

4.17.2.4 Working capital

Ai-Media's working capital relates primarily to trade receivables, accrued revenues, prepaid insurances, trade payables, other creditors, accrued expenses, indirect taxes and accrued wages and salaries.

Working capital assumptions for FY20F and FY21F are consistent with historical trends and incorporate other specifically identified payments and receipts.

4.17.2.5 Capital expenditure and capitalised development

Capital expenditure has historically comprised expenditure on:

- **Product development expenditure**: on the development of the Ai-Media Captioning Platform, including a percentage of the wages, salaries and other expenses of employees whose role relates to the development and enhancement of the platform. The percentage of these costs that are assumed capitalised in FY20F and FY21F are broadly consistent with FY18 and FY19 percentages;
- **Computer equipment**: including laptops and servers;
- **Capital expenditure on the acquisition of ACS Group**: is represented by the net assets, intangible assets and goodwill acquired; and
- **Leasehold improvements**: capital additions to properties leased by Ai-Media.

4.18 Management discussion and analysis of the Historical and Forecast Financial Information

Set out below is a discussion of Ai-Media's revenues and expenses and the main drivers of Ai-Media's historical operating and financial performance, which Ai-Media expects may continue to be the drivers during the period of the Forecast Financial Information. The discussion is intended to provide a brief summary only and does not detail all the factors that had an impact on the historical operating and financial performance, nor everything which may impact Ai-Media's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this section, and the related commentary is on a pro forma basis only. The information in this Section 4 should also be read in conjunction with the general and specific assumptions in Sections 4.17.1 and 4.17.2, the sensitivities in Section 4.19, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.18.1 Growth in Revenue FY18 to FY21F

Figure 4.1 sets out the key sources of historical and forecast growth in revenue over the period from FY18 to FY21F.

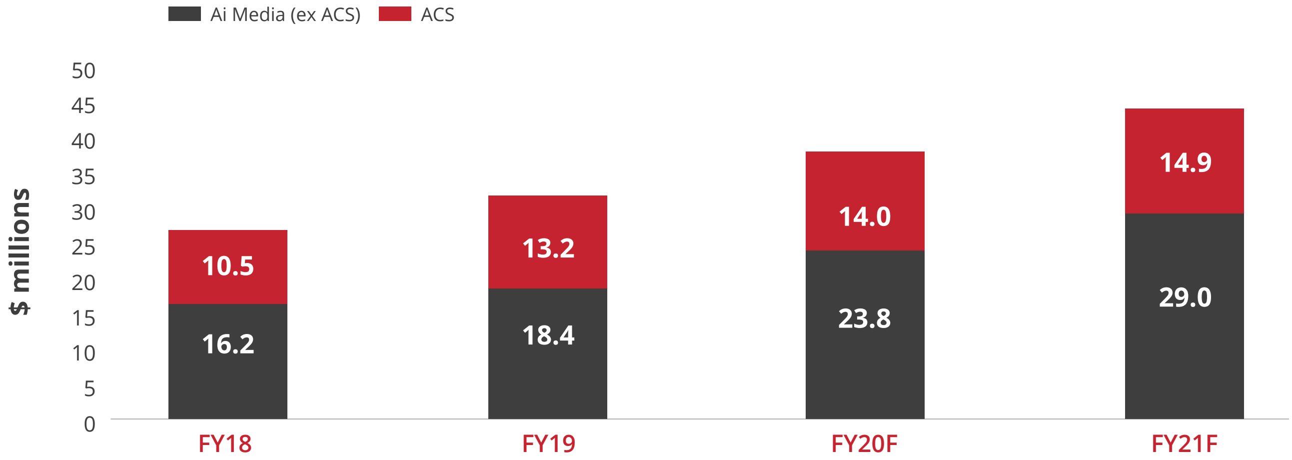
Pro forma revenues is forecast to grow at a CAGR of 18% p.a across the Financial Information period.

The organic growth of Ai-Media (ex ACS Group) across the period (circa 21% p.a) has been reduced by ACS Group's slower growth (circa 12% p.a). On a constant currency basis, ACS Group services revenues are forecast to grow by 8% p.a. across the Financial Information period.

Ai-Media (ex ACS Group) revenue growth in the period from FY18 to FY21F is expected to be driven by:

- the EMEA and Asia regions (combined as Rest of World) as highlighted in Section 4.7; and
- the Ai-Media (ex ACS Group) operations in North America, which is expected to grow revenue from $0.2 million in FY18 to $3.9 million in FY21F.

Figure 4.1: Growth in Pro Forma Revenue – FY18 to FY21F



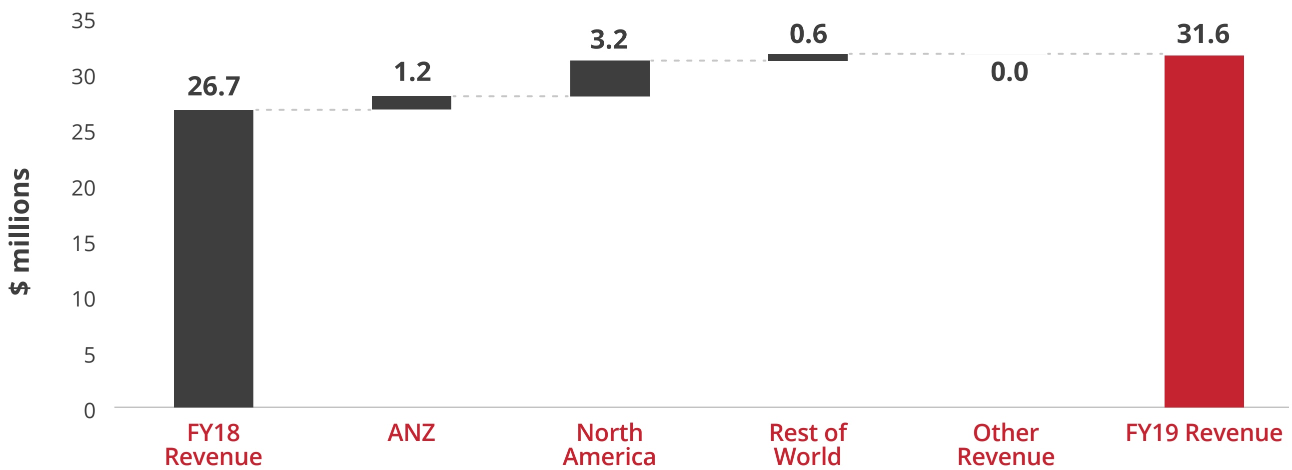
Revenue growth has been achieved over the Financial Information period from a combination of:

- winning new broadcast and enterprise customers; and
- growing revenues from existing customers through up selling and from offering customers a wide range of products to assist with their captioning requirements.

Revenue growth by region

Figure 4.2 is a revenue bridge from FY18 to FY19, showing the revenue movements by region between the years.

Figure 4.2: FY18 to FY19 Revenue Bridge



Ai-Media's revenue increased by $4.9 million or 18% from $26.7 million in FY18 to $31.6 million in FY19, driven by:

- ANZ – increases in revenue for a number of major broadcast customers, growth in revenue from certain existing university customers and first year of revenue from a broadcast customer that provided no revenue in FY18;
- North America – growth from new university customers, other enterprise customers and convention work. Revenue growth was also aided by a decline in the AUD:USD exchange rate from 77c to 72c; and
- Rest of World – growth from key corporate, government and event customers.

Minutes

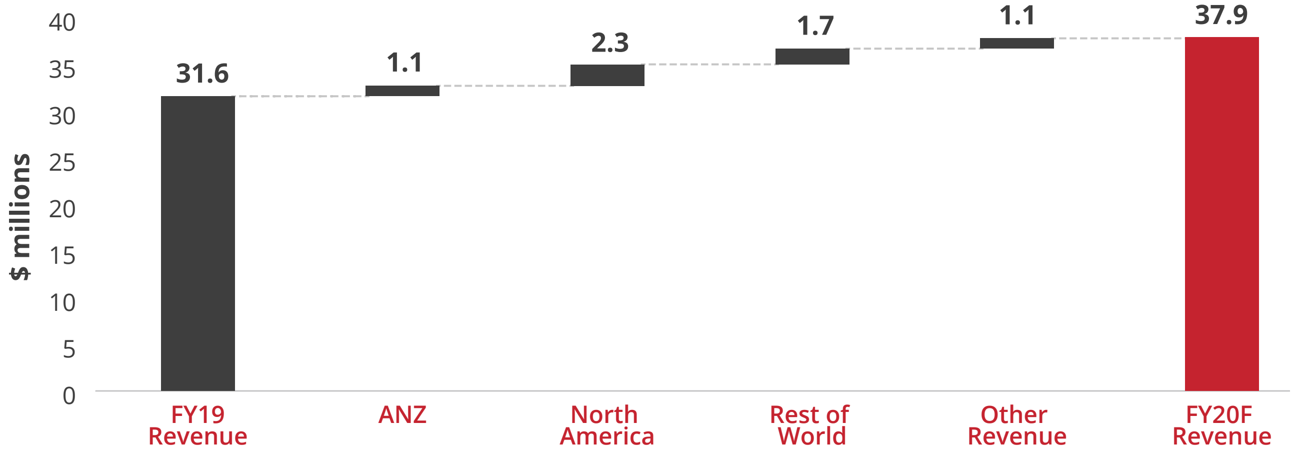
- Total minutes of captioning services increased by 1.0 million from 8.1 million in FY18 to 9.1 million in FY19 (13%).

Revenue per minute

- Average services revenue per minute increased from $3.29/minute in FY18 to $3.46/minute in FY19 (5%).

Figure 4.3 is a revenue bridge from FY19 to FY20F, showing the forecast revenue movements by region between the years.

Figure 4.3: FY19 to FY20F Revenue Bridge



Ai-Media's revenue is forecast to increase by $6.2 million or 20% from $31.6 million in FY19 to $37.9 million in FY20F, driven by:

- ANZ – a strong increase in enterprise business as a number of new university and corporate customers have been won and annualisation of revenue from a broadcast customer that only provided revenue for part of the year in FY19;
- Ai-Media (ex ACS Group) North America – strong growth in enterprise business and work for 3 new broadcast customers;
- ACS Group (North America) – strong growth from a number of corporate customers, offset by a reduction in education and convention business as a result of impacts of COVID-19 in 2H FY20F;
- Rest of World – first year of operations in Asia, which has included generating revenue from a number of potentially significant new customers together with strong growth in EMEA from enterprise live and recorded sales to corporate, government and education customers and the on boarding of a new broadcast customer; and
- Other revenue – revenue from the sale of equipment and provision of project management services for a broadcast customer's operations, together with stimulus income for ACS Group ($0.3 million).

Minutes

- Total minutes of captioning services is forecast to increase by 2.1 million from 9.1 million in FY19 to 11.2 million in FY20F (23%), which is significantly higher than the growth rate experienced in FY19 (13%). This growth in minutes has been achieved through growth in existing and new regions, with strong growth being achieved in North America, EMEA and the first year of operations in Asia.
- Minutes from Broadcast customers is forecast to increase from 2.4 million in FY19 to 2.8 million in FY20F (16%) primarily from growth in revenue from clients in North America and Asia. Minutes from Australian broadcast customers is expected to grow by circa 2.6%, as a result of the impact of the reduction in live sports and recorded work as a result of the COVID shutdown between March and June 2020.
- Minutes from Enterprise customers is forecast to increase from 6.7 million in FY19 to 8.4 million in FY20F (26%), which is a faster rate of growth than experienced in FY19 (15%). Significant growth from Enterprise clients has been achieved in Australia (54%), North America (ex ACS Group) (183%) and EMEA (84%).

Revenue per minute

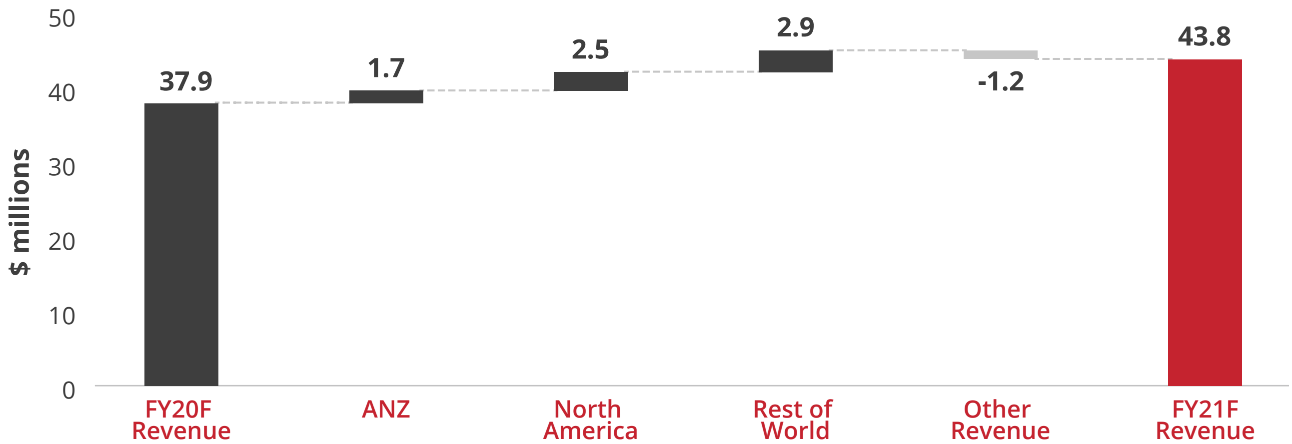
- Average services revenue per minute is assumed to decline from $3.46/minute in FY19 to $3.26/minute in FY20F (-6%).
- The decline in revenue per minute is a combination of:
  - competitive pricing being offered in new regions (North America and Asia) in order to win business from incumbents;
  - higher growth in enterprise minutes relative to broadcast minutes, at a lower average price than broadcast minutes; and
  - a decline in revenue per minute experienced at ACS due to pricing being very competitive for education customers.

The combination of growth in total minutes (23%) and decline in services revenue per minute (-6%), results in services revenue growth in FY20F of approximately 16%.

Revenue growth by region

Figure 4.4 is a revenue bridge from FY20F to FY21F, showing the revenue movements by region between the years.

Figure 4.4: FY20F to FY21F revenue bridge



Ai-Media's revenue is forecast to increase by $6.0 million or 16% from $37.9 million in FY20F to $43.8 million in FY21F, driven by:

- ANZ – assumed recommencement of live sport in the last quarter of 2020 and inclusion of a new broadcast customer for which Ai-Media has responded to a tender process (probability weighted) together with increased work from two existing broadcast customers. Continued strong growth in enterprise customers;
- Ai-Media (ex ACS Group) North America – assumed continued strong growth in enterprise business and further work for the 3 new broadcast customers won in FY20F;
- ACS – continued strong growth from a number of corporate customers (including a new major corporate customer for whom work has commenced) offset by weakness in education and convention business as a result of impacts of COVID-19 in 1H FY21F;
- Rest of World – annualisation and continued growth from new customers won in FY20F together with a number of other specifically identified customer wins in Asia together with the on boarding of a global broadcast customer in EMEA for which services had previously only been provided in ANZ. The contract for this customer has been won and work has commenced. Also, assuming one additional new broadcast customer win (probability weighted) and a number of significant enterprise customer wins in EMEA; and
- Other income – minimal other revenue has been included in FY21F on the basis that it is hard to predict and can vary significantly in terms of the magnitude of income earned.

Minutes

- Total minutes of captioning services is forecast to increase by 2.6 million from 11.2 million in FY20F to 13.8 million in FY21F (23%), which is consistent with the growth rate experienced in FY20F (23%). Of this total growth in minutes, approximately 1.0 million minutes are forecast to arise from new opportunities, some of which have already been secured.
- Minutes from broadcast customers is forecast to increase from 2.8 million in FY20F to 3.5 million in FY21F (25%), which is a faster rate of growth than experienced in FY20F (16%), primarily driven by assuming Ai-Media wins a small number of major customers for which tender processes are currently in process. Growth from existing broadcast customers is expected to be circa 3.5%, as minutes increase relative to FY20F as live sports coverage recommences following COVID-19 shutdown.
- Minutes from enterprise customers is forecast to increase from 8.4 million in FY20F to 10.3 million in FY21F (23%), which is a slower rate of growth than experienced in FY20F (26%), with significant growth expected in North America from the existing Ai-Media business and opportunities within the ACS Group portfolio.

Revenue per minute

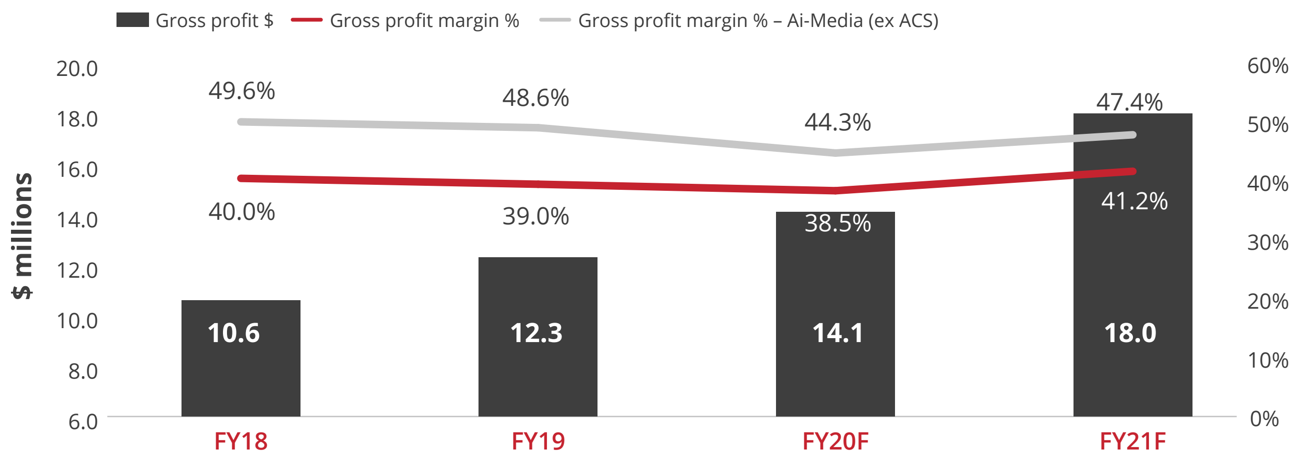
- Average services revenue per minute is assumed to decline from $3.26/minute in FY20F to $3.16/minute in FY21F (-3%), following a 6% decline in FY20F.
- The slowing rate of decline in price is a combination of:
  - higher growth in broadcast minutes relative to enterprise minutes, at a higher average price than enterprise minutes;
  - growth in ACS Group sales at similar prices to FY20F prices; and
  - an easing of pricing pressure following establishment of new regions (North America and Asia).

The combination of growth in total minutes (23%) and decline in services revenue per minute (-3%), results in services revenue growth in FY21F of approximately 20%.

4.18.2 Change in gross profit and gross profit margin profile FY18 to FY21F

Figure 4.5 sets out forecast growth in gross profit and changes in gross profit margin over the period from FY18 to FY21F[1].

Figure 4.5: Annual gross profit excluding other revenue and gross profit margin trend



Note

1. Gross margin and gross profit margin presented above excludes gross margin from other revenue.

The Ai-Media gross profit margin is a blended margin of the Ai-Media (ex ACS Group) gross profit margin which historically has been approximately 49% to 50%, as reflected in the pro forma FY18 and FY19 gross profit margin illustrated above and ACS Group's gross profit margin which has historically been in the range of 25% to 27%.

Ai-Media's gross profit margin had been circa 39% to 40% in FY18 and FY19 and is forecast to decline to circa 38.5% in FY20F. This decrease is expected due to a decline in Ai-Media (ex ACS) gross profit margins as prices were reduced to assist in winning new business in new regions during the year.

Gross profit margins in FY21F are expected to increase to 41.2% due to:

- margin improvement expected from a series of cost saving improvement projects at Ai-Media (ex ACS Group), increasing gross profit margin to circa 47.4%. The achievement of these savings are expected to be derived primarily from the expected implementation of the new technology, following successful commercial trials, with specific identified labour costs savings targeted as a result; and
- margin improvements at ACS Group from the utilisation of Ai-Media technology platform, increasing gross profit margin to circa 29%. Management believes further margin improvement opportunity will be available in future years.

Cost of Goods Sold and Gross Margin – FY18 – FY19

Cost per minute

- Average cost per minute increased from $1.97/minute in FY18 to $2.11/minute in FY19 (6.8%).

Gross Margin

- Based on the services revenue per minute and cost per minute achieved, gross profit margin % declined from 40% in FY18 to 39% in FY19.
- Based on strong revenue growth, total gross profit increases by 16% or $1.7 million from $10.6 million in FY18 to $12.3 million in FY19.

Cost of Goods Sold and Gross Margin assumptions – FY19 to FY20F

Cost per minute

- Average cost per minute is assumed to decline from $2.11/minute in FY19 to $2.01/minute in FY20F (-4.6%). The decline in cost per minute is expected to be achieved from a change in mix of services provide.

Gross Margin

- Based on the services revenue per minute and cost per minute assumptions, gross profit margin % is assumed to decline from 39.0% in FY19 to 38.5% in FY20F.
- Based on the expected strong revenue growth, total gross profit forecast to increase by 15% to $14.1 million.

Cost of Goods Sold and Gross Margin assumptions – FY20F – FY21F

Cost per minute

- Average cost per minute is assumed to decline from $2.01/minute in FY20F to $1.86/minute in FY21F (7.5%) following a decline of 4.6% in FY20F.
- The decline in cost per minute is expected to be achieved from the implementation of the available technology and introduction of the Ai-Media platform in Ai-Media and the ACS Group respectively.

Gross Margin %

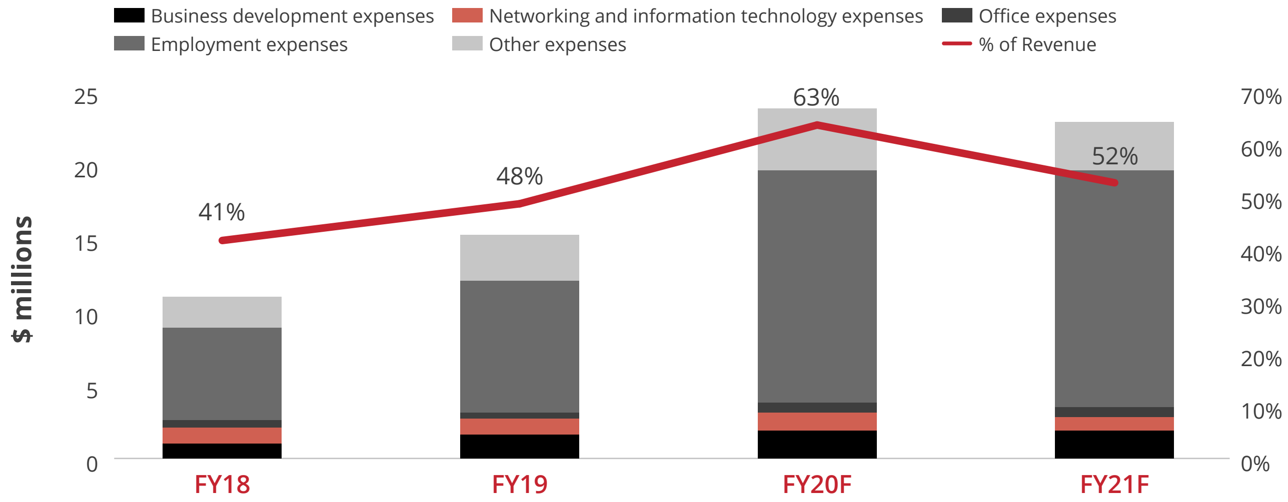
- Based on the services revenue per minute and cost per minute assumptions, gross profit margin % is forecast to improve from 38.5% in FY20F to 41.2% in FY21F.
- Based on strong revenue growth and gross profit margin improvement, total gross margin is expected to increase by 28% to $18.1 million.

4. Financial Information

4.18.3 Movement in operating expenses FY18 to FY21F

Figure 4.6 illustrates total operating expenses and total operating expenses as a percentage of total revenue from FY18 to FY21F.

Figure 4.6: Annual operating expenses



Total operating expenses as a total percentage of revenue in FY18 and FY19 were 41% and 48% before increasing to 63% in FY20F. This forecast increase in expenses largely reflects the establishment and resourcing new international operations and for product development and infrastructure costs to support an expanding business.

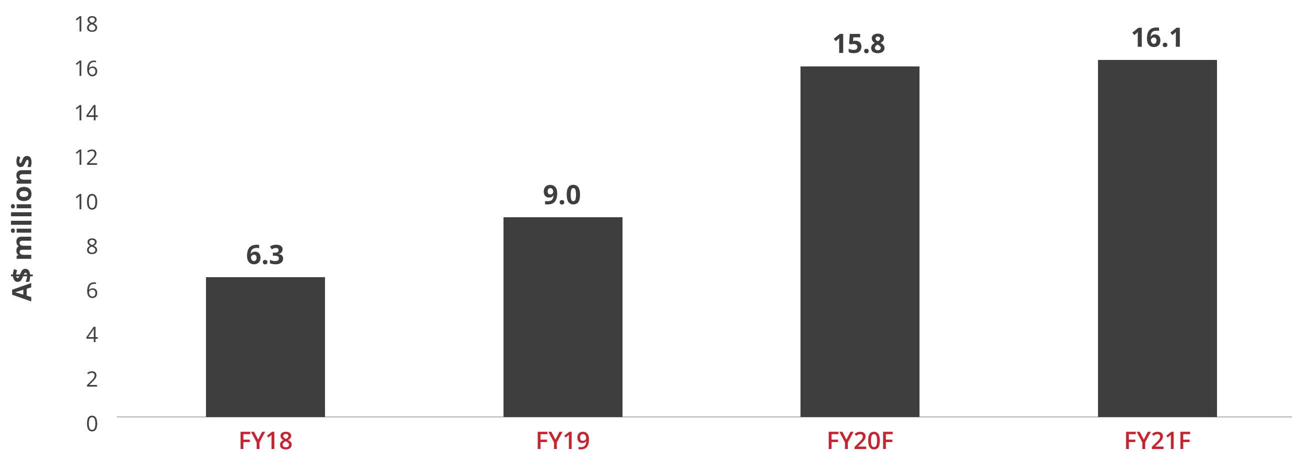
Now that international offices have been established and resourced and necessary senior management recruited to the business, Ai-Media is expected to benefit from the operating leverage with the expected revenue growth, whilst maintaining a relatively fixed cost base. Total operating expenses as a percentage of total revenue is expected to decrease back to 52% in FY21F reflecting the benefits of operating leverage and a number of cost reduction initiatives, a number of which have already been implemented. FY21F operating expenses also include $0.7m of integration costs related to the ACS acquisition most of which are non-recurring.

A description of trends in each major cost category is set out below.

4.18.3.1 Employment Expenses

Figure 4.7 illustrates Ai-Media's total employment expenses from FY18 to FY21F.

Figure 4.7: Annual employment expenses



Employment expenses are presented net of capitalised development costs. In line with AASB 138, Ai-Media capitalises a portion of employee salaries and wages (including superannuation) and contractor costs relating to the development of software, as described in Section 4.16.

The increase in employment expense in FY19 of $2.7 million or 42.6% from $6.3 million in FY18 (including a non-cash expense relating to the employee share plan expense of $0.5 million) to $9.0 million in FY19 related to 3 additional roles being created at ACS Group, together with 25 new staff at Ai-Media (ex ACS Group).

- 7 new Ai-Media (ex ACS Group) sales and marketing staff in EMEA and North America region; and
- additional Ai-Media (ex ACS Group) product, IT and corporate roles for product development, infrastructure support, finance and group sales, as part of the international expansion.

The forecast increase in employment expenses in FY20F relates in part to the annualisation of a number of new Ai-Media (ex ACS Group) roles commencing in FY19 and a significant increase in Ai-Media (ex ACS Group) operational staff headcount in FY20F, from 47 at the start of FY20F to 74 at the end of FY20F. The new positions created in FY20F related to:

- additional roles in Operations (27 in total of which 9 in ANZ, 2 in EMEA, 15 in North America and 1 in Asia)
- additional Technology roles in ANZ (5),
- additional roles in Corporate support (1) and in Finance (3); and
- adapting the business to operate as a listed public company in anticipation of the Offer (6 new roles, including adding HR, finance and legal resource).

Employment expenses in FY20 also included redundancy costs for a number of positions made redundant following a restructure in June FY20F.

The movement in employment expenses in FY20F is also expected to be driven by an increase in employee share plan expenses from $0.7 million in FY19 to $3.8 million in FY20F. This increase is largely due to additional options being granted to certain employees and the increase in valuation of certain options due to the planned IPO.

Increase in employment expenses between FY20F and FY21F are expected to increase as a result of:

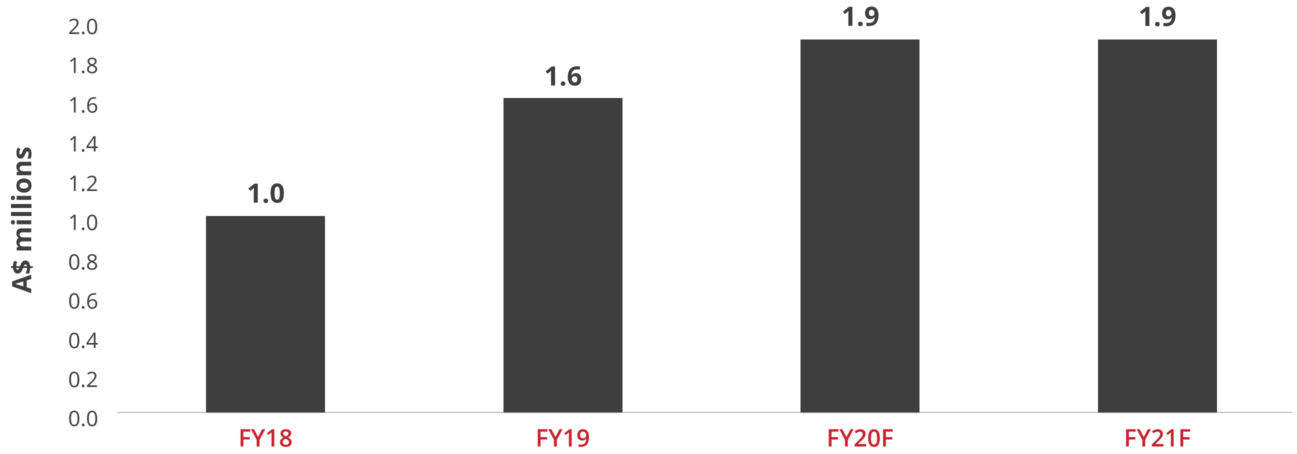
- a number of new roles at both Ai-Media (ex ACS Group) and ACS Group (seven additional employees in FY21F to support deployment of front and back office systems, and expand sales reach in offshore regions);
- annualisation of employment costs related to employees who commenced in FY20F (especially in newer regions such as North America and Asia);
- a 2% salary increase for all Ai-Media (ex ACS Group) employees from January 2021;
- a reduction in expense due to a number of positions made redundant following a restructure in June FY20F; and assumed capitalisation of employee salary and wages in FY20F and FY21F (including superannuation) relating to the research and development of software, at a rate of approximately 49%, broadly in-line with historical capitalisation rates; and
- employee share plan expenses are forecast to be $4.0 million in FY21 compared to 3.8 million in FY20F. $0.9 million of the employee share plan expenses in FY21 relates to the existing plan that will expire at the time of completion of the Offer while $3.1 million (non-cash) relates to expenses under the new plan which assumes a 12 month anniversary date from the time of the Offer. The new plan vests over a three year period with approximately 61% of the fair value of the plan vesting in the first year, 28% in the second year and 11% in the third year. Based on the valuation of the plan used in preparing the FY21F forecast assumptions, employee share plan expenses would decrease to $2.1 million in FY22 and $0.9 million in FY23. These amounts are subject to change pending the revaluation of the plan at each anniversary date and are provided on an indicative basis only to illustrate the expense profile of the new employee share plan.

During the forecast period Ai-Media has focused on expanding solutions offered to customers in the Ai-Media platform by making further investment in its operating cost structure across the product development and IT functions. This investment (approximately $0.5 million in FY21) will impact the financial performance of the business in FY21F but the benefit from this investment is not expected to be realised during the forecast period given the length of time to implement these solutions. This strategy, of adding additional operating expense in FY21 is being adopted to develop its potential to capture greater market share in the longer term.

4.18.3.2 Business Development Expenses

Figure 4.8 illustrates Ai-Media's total business development expenses from FY18 to FY21F.

Figure 4.8: Annual business development expenses



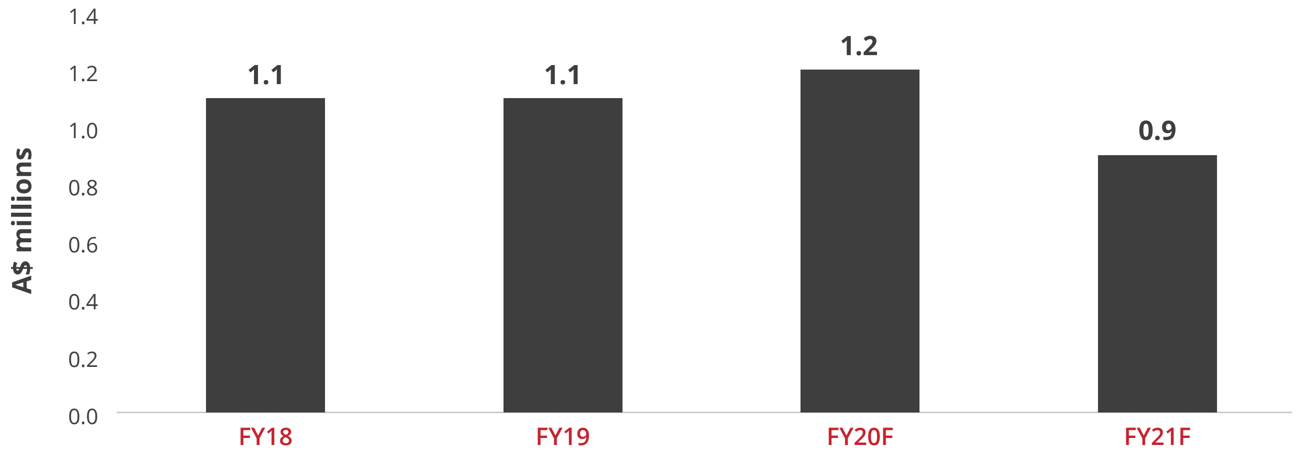
These costs increased over FY19 and FY20F as the new international regions were established, requiring increased international travel and marketing expenses for establishing new regions (in particular Asia and Ai-Media (ex ACS Group) North American operation).

These costs are expected to remain broadly flat in FY21F versus FY20F due to COVID-19 impacts limiting trade shows and conferences and the associated travel costs but are generally expected to increase as the business scales in the future, especially in new regions.

4.18.3.3 Networking and information technology expenses

Figure 4.9 illustrates Ai-Media's total networking and information technology expenses from FY18 to FY21F.

Figure 4.9: Annual networking and information technology expenses



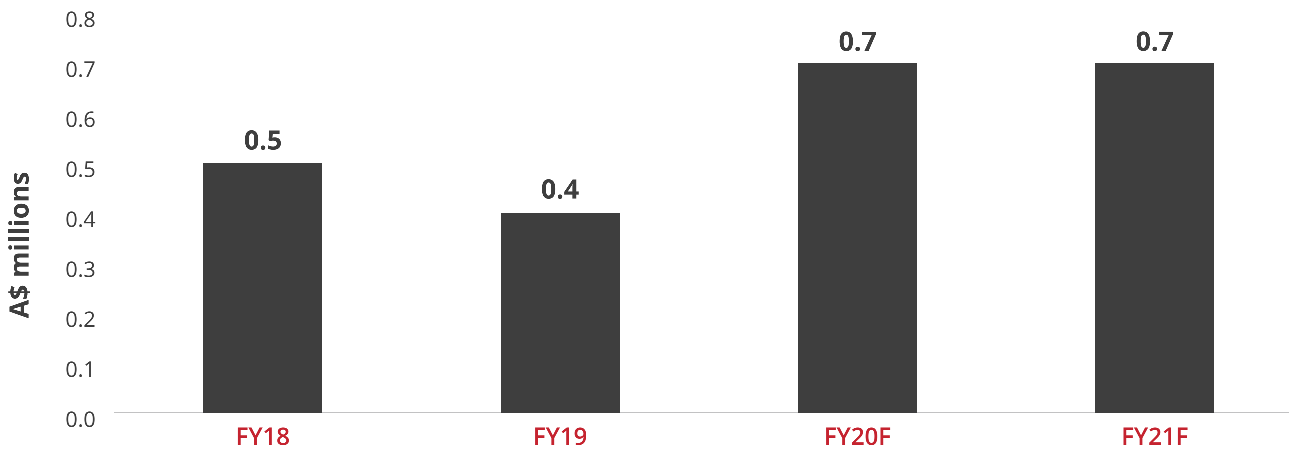
Increases in network and IT expenses between FY18 and FY20F have largely been related to establishing new offices in North America and Asia.

A reduction of circa $0.4 million forecast in FY21F relates entirely to the reduction in the number of technology and software support contractors (four consultants) in Ai-Media (ex ACS Group).

4.18.3.4 Office expenses

Figure 4.10 illustrates Ai-Media's total office expenses from FY18 to FY21F.

Figure 4.10: Annual office expenses

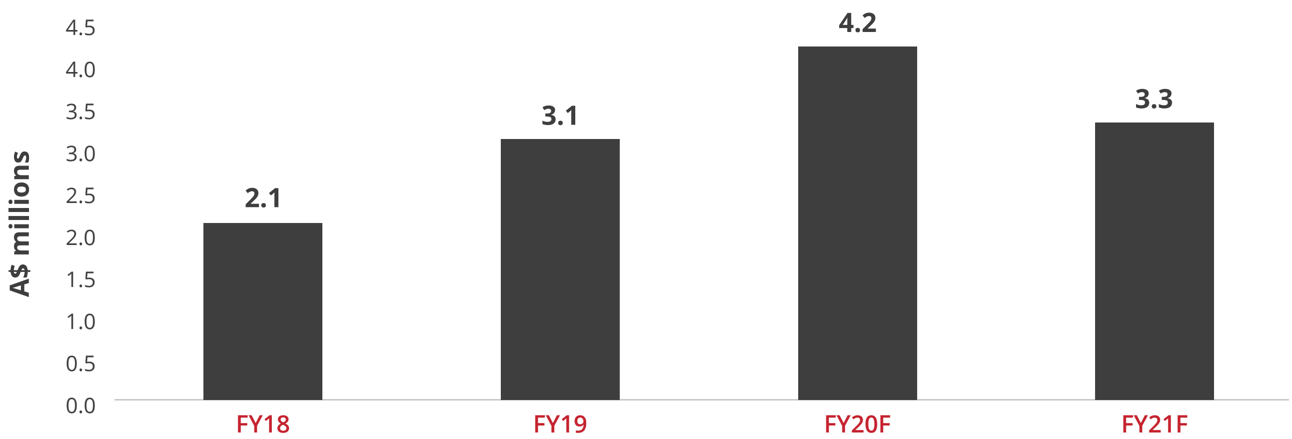


These costs, which relate to cleaning, utilities, repairs and security charges grew in FY20F as the number of new office locations increased as part of the international expansion.

These expenses have been forecast to remain relatively flat in FY21F.

4.18.3.5 Other expenses

Figure 4.11: Annual other expenses



These expenses relate to general administration expenses such as expensing low-value assets, bad-debts and write-offs, insurance, legal charges, membership costs and subscriptions.

Other expenses increased between FY18 and FY19 due to increased consulting costs and a one off redundancy cost ($0.2 million).

Other expenses increased further in FY20F due to non-recurring legal and accounting costs, redundancy costs, and professional fees (legal and accounting) related to the convertible note issue, together with increases in insurances, subscriptions and provision for bad debts.

Of the total reduction of $0.9 million in FY21, circa $0.4 million relates to reducing the number of consultants in the business as technology projects are concluded. The assumed non recurrence of certain costs from FY20F (professional fees for convertible note issue and redundancy costs) is also reflected in the reduction of other expenses.

4.18.3.6 Depreciation and amortisation

Depreciation is a non-cash expense that predominantly relates to the ongoing use of the fixed asset base of Ai-Media, including items such as IT equipment, furniture and leasehold improvements that have been capitalised. Amortisation is a non-cash expense that relates to both internally and externally developed intangible assets (including finite life intangibles recognised following the acquisition of ACS Group). Depreciation and amortisation expenses are based on an existing useful life profile with any new capital expenditure being depreciated over its useful life in accordance with Ai-Media accounting policies. See Table 4.23 for details of the amortisation expenses relating to capitalised development costs.

Pro forma depreciation and amortisation costs increased from $1.5 million in FY18 to $2.0 million in FY19 and are forecast to be $2.5 million in FY20F and $2.5 million in FY21F. These costs reflect depreciation of property, plant and equipment and amortisation of capitalised development costs which are amortised over a period of four years.

4.18.3.7 Net interest expense

Net interest expense includes pro forma adjustments to reflect the fact that convertible notes will be settled at the time of the Offer and the adoption of AASB 16. Forecast net interest includes interest in relation to the adoption of AASB 16, interest on leased equipment and interest on loans in ACS Group.

4.18.3.8 Income tax benefit / (expense)

Ai-Media has tax losses which it expects to utilise when it starts generating a profit. Income tax benefit / (expense) included in the Financial Information has been based on the actual and effective tax rates applicable to the relevant countries in which Ai-Media operates.

4.19 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Ai-Media, its Directors and Management. These estimates are also based on assumptions with respect to future business developments which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. Set out below is a summary of the sensitivity of the impact on the Forecast Financial Information of changes to a number of key variables. The changes in the key variables as set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in the other assumptions. In practice, changes in assumptions may offset each other or be additive and it is likely that Ai-Media's Management would respond to any adverse changes in one item to seek to reduce the net effect on Ai-Media's EBITDA and cash flow.

For the purpose of the analysis below, the effect of the changes in key assumptions on the FY21F pro forma BITDA is set out in Table 4.24 below.

Table 4.24: Sensitivity analysis on the Pro Forma Service Revenue and EBITDA for FY21F

			FY21F impact	
Assumption	Notes	Increase/ Decrease	+ change ($ million)	– change ($ million)
Impact on Service Revenue				
Foreign exchange (AUD/ USD)	(a)	+/- 2c	-0.5	0.5
Captioned minutes	(b)	+/- 10%	4.4	-4.4
Services revenue / captioned minute ($)	(c)	+/- 5%	2.2	-2.2
Impact on EBITDA				
Services revenue	(d)	+/- 5%	0.8	-0.8
Gross Profit Margin	(e)	+/- 2.5%	1.1	-1.1
Foreign exchange (AUD/ USD)	(a)	+/- 2c	0.0	0.0

The sensitivities calculated above are based on the changes in the specific variables of (a) +/- 2 cents change in the AUD to USD exchange rate, and assumes all other variables remain constant (b) +/- 10% in total captioned minutes (10 percentage points change) (c) +/- 5% in services revenue per captioned minute ($) (5 percentage points change) (d) +/- 5% in services revenue (5 percentage points change) and (e) +/- 2.5% in gross profit margin (2.5 percentage points change) and assumes all other variables remain constant.

4.20 Dividend policy

The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors (many of which may be outside the control of the Company and its Directors and Management, and are not reliably predictable), including the general business environment, operating results, cash flows and financial condition of Ai-Media, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

While it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends, at the Prospectus Date, the Company, does not intend, nor expect, to declare nor pay any dividends in the immediately foreseeable future, given that Ai-Media's focus will be on long term growth.

4.21 Historical Financial Information for the Significant Business

The reasons for inclusion of the Historical Financial Information for the Significant Business, the basis of its preparation and nature of the audit opinion and review conclusions, as relevant, on this information issued by Deloitte Touche Tohmatsu, are described in Section 4.1.1.

4.21.1 Historical Income Statement for the Significant Business

Table 4.25: Historical Income Statement for the Significant Business

	FY18	FY19	H1 FY19	H1 FY20
Services revenue	10.4	13.0	6.0	6.6
Other revenue	0.1	0.0	0.0	0.0
Total Revenue	**10.5**	**13.0**	**6.0**	**6.6**
Cost of sales	(7.8)	(9.7)	(4.6)	(4.8)
Gross profit	**2.7**	**3.3**	**1.5**	**1.8**
Employment expenses	(1.4)	(1.8)	(1.1)	(1.2)
Business development expenses	(0.2)	(0.3)	–	–
Networking and information technology expenses	(0.0)	(0.1)	–	–
Office expenses	(0.0)	(0.0)	–	–
Other expenses	(0.4)	(0.6)	(0.3)	(0.3)
Operating expenses	**(2.1)**	**(2.8)**	**(1.4)**	**(1.5)**
EBITDA	**0.6**	**0.5**	**0.1**	**0.3**
Depreciation and amortisation	(0.1)	(0.1)	(0.1)	(0.1)
EBIT	**0.5**	**0.4**	**(0.0)**	**0.2**
Net interest expense	(0.1)	(0.1)	(0.0)	(0.0)
Profit/(loss) before tax	**0.5**	**0.3**	**(0.0)**	**0.2**
Income tax benefit/(expense)	–	–	–	–
Net profit/(loss) after tax	**0.5**	**0.3**	**(0.0)**	**0.2**

Notes:
1. PostCAP, LLC was acquired by ACS in December 2019.

4.21.2 Historical Cash Flows for the Significant Business

Table 4.26: Historical Cash Flows for the Significant Business

A$ millions	FY18	FY19	H1 FY19	H1 FY20
EBITDA	**0.6**	**0.5**	**0.1**	**0.3**
Changes in working capital	(0.1)	(0.1)	(0.2)	0.1
Non-cash items	0.0	0.0	(0.0)	0.0
Cash flow from operating activities	**0.6**	**0.4**	**(0.1)**	**0.4**
Proceeds from/(repayment of) lease payments	(0.0)	(0.0)	(0.0)	(0.0)
Other capital expenditure	(0.1)	(0.0)	(0.0)	0.0
Net cash flow before interest and tax	**0.4**	**0.4**	**(0.2)**	**0.4**
Distributions to owners	(0.2)	(0.2)	(0.1)	(0.4)
Net interest payments	(0.1)	(0.1)	(0.0)	(0.0)
Proceeds from/(repayment of) borrowings	(0.2)	(0.3)	0.3	0.2
Net cash flow	**0.0**	**(0.1)**	**0.0**	**0.2**

Refer to notes to Table 4.25.

5. Risks

5. Risks

5.1 Introduction

This Section 5 describes some of the potential risks associated with an investment in the Company.

An investment in the Company is subject to risk factors specific to Ai-Media and its business activities and those of a more general nature including general risks associated with investing in Shares. Any, or a combination, of these risk factors may have a material adverse effect on Ai-Media's business, financial condition, operating and financial performance, growth, and/or the value of its Shares. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside the control of Ai-Media, the Directors and Management.

Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future. Additional risks that Ai-Media is unaware of, or that Ai-Media currently considers to be immaterial, also have the potential to have a material adverse effect on Ai-Media's business, financial condition, operating and financial performance, growth, and/or the value of the Shares.

The selection of risks in this Section 5 has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, however, there is no guarantee or assurance that the importance of risks will not change or that other risks will not emerge.

Before deciding whether to invest in the Company by applying for Shares, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest.

5.2 Specific risks

5.2.1 Counterparty risk

Any financial distress or insolvency of a customer, in connection with COVID-19 or for any other reason, may result in a material reduction of revenue from that customer or difficulty in collecting outstanding fees from that customer. Consolidation within industries (whether driven by COVID-19 or for any other reason), including the media and education sectors, could trigger termination rights in Ai-Media's contracts and affect choice of provider by existing customers.

A number of Ai-Media's customers (including those operating in the media and education sectors) have been significantly impacted by disruptions caused by COVID-19, as detailed in Sections 2.6.3 and 3.11. Ai-Media has a concentration of customers in the media and education sectors, including its four most material contracts.

5.2.2 Recruitment and Crowdsourcing

Ai-Media's operating model requires an ability to mobilise a large number of independent freelancers on a project by project basis to fulfil customer needs and project requirements. If Ai-Media fails to find and retain independent freelancers of a suitable quality, and/or suitable number, and/or jurisdictions restrict flexible independent freelancer relationships, this may lead to project delays or lower revenues being generated in relation to the project. These difficulties may be more prevalent during times when national economies are strong or getting stronger due to reduced number of persons looking for work, or when employment markets are significantly disrupted for other reasons.

5.2.3 Loss of a key customer or a reduction in the work that Ai-Media receives

In FY20F, Ai-Media's largest customer accounted for approximately 15% of total pro forma revenue and the top 20 customers accounted for approximately 50% of total pro forma revenues. Ai-Media's key contracts with its customers are summarised in Section 9.5.3. Some of the revenue generated by Ai-Media is project-related which can lead to volatility in revenue if Ai-Media is not able to replace revenue from projects that have ended.

Ai-Media may be unable to retain existing customers (including its key customers) or their current level of usage over the timeframes or with the pricing, revenues and costs it currently expects. Ai-Media may fail to retain existing customers for a number of reasons, such as the failure to meet customer expectations, poor customer service, technology disruptions, pricing or competition. Ai-Media's ability to renew existing contracts may be impacted by broader factors affecting the dynamics of the media, entertainment, education and training industries, changes in law or changes in the regulation of the industries in which Ai-Media and its customers operate more generally.

Refer to Section 3.6 for an overview on Ai-Media's customers.

5.2.4 Competition and new technologies

Ai-Media competes against other language services providers in an industry that is currently highly fragmented, as detailed in Section 2.7. Competition in the industry is based on factors such as price, service, quality, information security, innovation, reliability, accuracy, timeliness and the ability to meet regulatory standards. To maintain and improve its market position, Ai-Media will need to continue to develop new and improved products that efficiently leverage technology developments and continue to meet the requirements and regulatory obligations of its customers. A failure to do so, or quality control issues, may have an adverse effect on future revenue.

There is a risk that one or more of Ai-Media's competitors, or a new entrant to the market, will:

- offer a more cost effective product than Ai-Media, requiring Ai-Media to introduce price discounting to retain existing customers or attract new customers which may reduce Ai-Media's profitability;
- develop one or more products with functionality that Ai-Media's products do not have, requiring Ai-Media to increase its spending and resources to develop a product that can effectively compete with those offered by its competitors. Failure to swiftly adapt its product offerings to those available in the market may adversely impact Ai-Media's ability to retain existing customers and attract new customers; or
- have significantly greater resources than Ai-Media allowing them to engage in aggressive marketing campaigns, develop superior products or adapt more quickly to technological developments, evolving industry trends or changing regulatory standards which may hinder Ai-Media's ability to retain existing customers and attract new customers.

Further, while translation and speech recognition software is currently used in the industry and by Ai-Media where appropriate, if there are significant advances in ASR and translation technology to the extent that this technology addresses the curation of captioning, there is a risk that the need for trained captioners will be obsolete. If these risks are materialised, Ai-Media may compete less effectively against its competitors and its business, financial performance and operations and market position could be adversely affected.

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

Ai-Media's technology is cloud-native on one of the largest cloud hosting platforms. In carrying out its business operations, Ai-Media processes large volumes of confidential data. There is a risk that Ai-Media's systems and software (including those provided by third party providers) may be adversely impacted by damaged or faulty equipment, misuse by employees or contractors, disruption, failure, service outages, data corruption or breaches which could occur as a result of computer viruses, malware, hacking or cyber-attacks, or other disruptions including natural disasters, power surges or outages, terrorist attacks or other similar events. This may result in the loss, theft, corruption or unauthorised disclosure of confidential customer information and data, reputational damage, damage to or loss of customer relationships, and substantial costs may be incurred in identifying, investigating, mitigating, and remediating such an event which may or may not be recoverable or addressed by insurance.

While Ai-Media undertakes measures to prevent and detect the occurrence of such disruptions and failures, there is a risk that such measures may not be adequate. Any data security breaches or Ai-Media's failure to protect confidential customer information could result in a significant disruption to Ai-Media's systems and operations, reputational damage, loss of system integrity, breaches of Ai-Media's obligations under applicable laws, breach of an obligation under privacy laws to notify individuals and the Australian Information Commission (or other regulatory authority) of the breach, and could reduce its ability to retain existing customers and generate new customers, any of which could have a materially adverse impact on Ai-Media's growth prospects, operating results, reputation and financial performance. Further, the impact of loss or leakage of customer data may also include cost for rebates, litigation arising out of any data breach, regulatory scrutiny and the potential termination of customer contracts.

Further, in some instances, Ai-Media's third party technology supplier contracts may not entitle Ai-Media to recover all of the losses that it may suffer as a result of such disruptions or failures. There is also no guarantee that insurance cover will be available or be adequate to cover all financial exposure arising from one or more of the circumstances described above. In addition, any significant claim against such a policy may lead to either or both of increased premium on renewal and additional exclusions to the terms of future policies.

5.2.6 Impact of data protection and privacy laws and regulations

Ai-Media is subject to various data protection and sovereignty and privacy laws and regulations in the countries in which it operates (including EU General Data Protection Regulation and similar regulatory requirements in different states in the United States). These laws and regulations continue to evolve globally, may differ significantly between jurisdictions and strict compliance with all regulations in all jurisdictions is challenging and costly. As outlined in Section 5.2.5, any systems failure or compromise of security that results in the unauthorised access to or release of customers' data could have a range of adverse effects on Ai-Media's reputation, and ability to attract and retain new customers. In addition to these risks, any breach of current data protection and privacy regimes to which Ai-Media is subject may result in Ai-Media being required to pay significant fines to regulatory bodies in relation to any data protection or privacy breach.

Furthermore, foreign data protection, privacy and other laws and regulations are often more restrictive and costly to comply with than in Australia. Existing and proposed laws internationally, such as the existing EU General Data Protection Regulation, can be costly to comply with which could increase costs, require management attention and/or require changes to the way Ai-Media's products function. Such laws and regulations may have an ongoing impact on the way in which Ai-Media collects, stores, discloses and otherwise deals with information that is subject to those rules.

In addition, if Ai-Media expands its operations into new or adjacent markets, its obligations under the various data protection and privacy regimes may become increasingly complex, and potentially conflicting. This could interrupt or adversely affect parts of Ai-Media's business and may have an adverse effect on Ai-Media's operations and financial performance.

5.2.7 Failure to realise benefits from product development costs

Developing software and technology is expensive and often involves an extended period of time to achieve a return on investment. As detailed in Section 3.12, an important part of Ai-Media's business strategy is to continue to make investments in innovation and related product development opportunities, to maintain its competitive position.

Ai-Media may not, however, receive significant revenues from these investments for several years or may not realise such benefits at all. Ai-Media makes assumptions about the expected future benefits generated by investment in product research and development and the expected timeframe in which the benefits will be realised. These assumptions involve both known and unknown risks that are beyond the control of Ai-Media and are thus subject to change. Any change to the assumptions may have an adverse impact on Ai-Media's ability to realise benefits from innovation and product development related costs.

5.2.8 Need to attract and retain skilled staff in specialised roles and management personnel

Ai-Media is reliant upon staff with specialist skills and the talent and experience of its management personnel in order to maintain and develop its products and services. There is a risk that Ai-Media may not be able to attract and retain skilled staff and key personnel or be able to find effective replacements for them in a timely or cost effective manner. If Ai-Media is unable to attract and retain skilled staff and key personnel, it could materially adversely impact Ai-Media's ability to operate its business, implement its business strategy and develop its products which would have a detrimental impact on Ai-Media's financial performance and profitability. A failure to establish or maintain a positive and supportive culture within Ai-Media, and amongst its operations across various jurisdictions, or non-compliance with workplace regulation in any relevant jurisdiction could also have an adverse impact on the ability to attract and retain skilled staff and could expose Ai-Media to liability.

Refer to Section 6 for details of contractual arrangements for Directors and Key Management Personnel together with Ai-Media's incentive policies.

5.2.9 Inability to attract new customers

Ai-Media is reliant upon attracting new customers to achieve its stated growth objectives. There is a risk that one or more of Ai-Media's competitors, or a new entrant to the market, will increase its competitive position, or companies that require captioning, transcription or translation services develop in-house processes rather than using external translation products and services. If any of these risks materialise, they could materially affect Ai-Media's ability to attract the number of new customers required to achieve its growth objectives.

5.2.10 Contracts with customers may be terminated at will and do not provide minimum revenue amounts

A number of Ai-Media's contracts with customers contain termination for convenience provisions and do not provide for minimum revenue requirements. The arrangements with 10 of Ai-Media's top 20 customers by revenue are either governed by Ai-Media's standard terms and conditions or Ai-Media's standard service agreement, as opposed to a tailored contract to reflect the specific arrangements and services agreed upon between the parties. The standard terms and conditions and standard service agreements do not provide for a minimum term or minimum volumes, which means that any reduction in volume will affect Ai-Media's revenue. The standard terms and conditions and standard service agreements also may not contain adequate protections to reflect the specific arrangements and services agreed upon between Ai-Media or ACS and the relevant customer, which could lead to disputes or uncertainty between the parties.

Arrangements with ACS customers are also governed by ACS' standard terms and conditions and are not subject to tailored contracts which reflect the specific commercial arrangements and services agreed upon between the parties. Contracts governed by ACS' standard terms may also be terminated for convenience by the customer by giving the necessary period of notice. ACS' standard terms and conditions are summarised in Section 9.5.3.1.

Of Ai-Media's top 20 customers by revenue, nine have tailored contracts, which more specifically document the commercial arrangements between the parties. Two of those provide that the customer may terminate the agreement at will. One of those permits the customer to terminate the contract if it is able to supply the captioning services itself. Ai-Media is therefore exposed to the risk that its customers may terminate their contract on short notice or reduce the usage of products and services under the contract.

5.2.11 Use of individual freelancers from a global crowd

As described in Section 3.10.2, Ai-Media utilises a workforce of individual freelancers from a global crowd. The crowd is located in more than 55 countries including Australia, the US, the UK, Kenya, Singapore, the Philippines and India and engaged on the same written terms and conditions in each jurisdiction. As such, Ai-Media is subject to the usual risks posed to businesses that use crowd sourcing, including:

- receiving low quality output;
- engaging underperforming independent freelancers;
- churn in independent freelancers and training costs for onboarding new independent freelancers;
- breaches of confidentiality obligations and infringement of Ai-Media's intellectual property rights;
- changes in workforce insurance costs and terms in different jurisdictions;
- challenges of establishing and maintaining a supportive culture and aligned values amongst a distributed group;
- non-compliance with the employment or occupational health and safety laws and regulations applicable to each jurisdiction in which the crowd is located;
- the lack of enforceability of particular terms and conditions governing independent freelancers in certain jurisdictions where independent freelancers may be based; and
- independent freelancer or employment claims, including claims relating to independent freelancer or employee classification, benefits, wages and pension entitlements, and occupational health and safety claims.

5.2.12 Third party technology and services

Ai-Media's platform is cloud-based and was developed using a combination of proprietary, internally developed software and technologies and third-party software. In particular, Ai-Media relies on third party technologies and software for elements of its captioning, transcription or translation services. Any change or interruption to Ai-Media's key third party software and infrastructure provider relationships, or reduced accuracy or availability of their services may disrupt Ai-Media's business operations. While outside of Ai-Media's influence or control, such disruption could result in operational or business delays, damage to reputation and loss of customers for Ai-Media.

Ai-Media's operations would be materially impacted if existing third party suppliers no longer made their software and technologies available to Ai-Media or materially increased the price of the use of their software or technologies. As a consequence, Ai-Media may face an increased cost of doing business and a disruption in its ability to provide simple, fast and accurate captioning and translation services to its customers. In such circumstances, Ai-Media may be required to undertake additional development tasks internally or find new suppliers of such software and technologies who may offer less favourable terms. Ai-Media may not have sufficient time to procure a replacement provider in a timely manner and at an equivalent cost. This would adversely impact its business, financial performance and operations.

Furthermore, Ai-Media may not be entitled to recover losses that it may suffer as result of such disruptions or failures by the third party suppliers of technology or software.

As further described in Section 5.2.17, there is also a risk that Ai-Media may infringe third party intellectual property rights.

5.2.13 Regulatory risks

5.2.13.1 Regulations relating to equal access for hard-of-hearing individuals

A major driver for language services is the regulatory requirement in many jurisdictions for content providers to provide equal access to hard-of-hearing individuals, as detailed in Section 2.5.6. Accordingly, certain aspects of Ai-Media's product offering are required to address to its customer's regulatory obligations.

If the relevant legislation and regulations in specific countries were to change significantly, such as through the removal of captioning requirements from the BSA or its relevant international equivalents, customers may have reduced requirements for certain services from Ai-Media, which may have a significant impact on Ai-Media's financial performance. Further, there is a risk that Ai-Media's product offering may need to evolve to meet the changing regulatory standards, requiring increased spending and resources on product development. This may have a material adverse effect on Ai-Media's business, operations, financial performance, market position and future growth and development. Certain customer contracts permit the customer to terminate the contract if the customer no longer requires captions in respect to their content.

Removal of, or reduction to the R&D Tax Incentive Scheme would force Ai-Media to review and potentially cease its R&D activities to the detriment of future growth and development, and ability to compete with emerging technologies. Ai-Media maintains a close watch on legislative settings for the R&D Tax Incentive Scheme and adjusts its R&D expenditure accordingly.

5.2.13.2 Regulatory risks relating to compliance with employment laws

Ai-Media engages full-time, part-time and casual employees both in Australia and in a number of overseas jurisdictions. Some of these employees are subject to industrial instruments, such as Modern Awards in Australia (for example the Clerks Award 2010). Compliance with such industrial instruments can be resource and cost intensive and it is possible that Ai-Media could be required to respond to investigations from regulators with respect to compliance with those instruments. Although Ai-Media has processes in place to ensure compliance with applicable industrial instruments, it is possible that it may fail to keep abreast of changes to industrial instruments or otherwise fail to comply with the provisions of those industrial instruments. Any failure to comply with those applicable industrial instruments could lead to reputational damage to Ai-Media and may adversely affect Ai-Media's operations and financial performance.

5.2.13.3 Other regulatory risks

Ai-Media is also subject to other regulations in each of the jurisdictions in which it conducts business. Any changes in law or regulation in a market in which Ai-Media operates could materially impact the business.

In particular, there are a number of uncertainties in connection with the future of the UK and its relationship with the EU. Since Ai-Media has operations in EMEA and relies on trade marks in the UK and the EU, Ai-Media may face regulatory changes as a result of the implementation of UK's vote to leave the EU (**BREXIT**). Complying with such new regulatory mandates may prove challenging and costly. In particular, significant portions of the UK's regulatory regime related to intellectual property and data protection are derived from or harmonised with wider EU directives, and significant regulatory change is possible should the UK withdraw from the EU. There is a risk that Ai-Media's business, operations and financial performance may be negatively impacted by any changes in laws, regulations and tax treatment resulting from the implementation of BREXIT.

Ai-Media had a legacy share plan in place for some years prior to IPO. Historically, Ai-Media had some engagement with tax authorities as to the effect of that plan, which resulted in Ai-Media amending its income tax filings. While the legacy plan will be closed down as part of the IPO process, Ai-Media cannot be sure that there may not be any residual regulatory or tax issues arising from the legacy plan.

5.2.14 Country/region specific risks in new and/or unfamiliar markets

Ai-Media has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes, including in new jurisdictions in which Ai-Media may acquire businesses and/or in geographies which Ai-Media is expanding its operations. As Ai-Media expands its presence in new international jurisdictions, it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or different or less sophisticated legal and regulatory systems and frameworks, including:

- unexpected changes in, or inconsistent application or enforcement of, applicable foreign laws and regulatory requirements;
- less sophisticated technology standards;
- less reliable infrastructure;
- less effective protection of intellectual property rights;
- difficulties engaging and supporting local resources; and
- potential for political upheaval or civil unrest.

As Ai-Media enters newer and less familiar regions there is a risk that Ai-Media fails to understand the laws, regulations and business customs of these regions. This gives rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which Ai-Media may operate.

In addition, if Ai-Media expands its operations into new or adjacent markets, its obligations under the various legal and regulatory regimes may become increasingly complex and potentially conflicting. This could interrupt or adversely affect parts of Ai-Media's business and may have an adverse effect on Ai-Media's operations and financial performance.

5.2.15 Defects with products/services

Ai-Media's customers are reliant on the effective performance, reliability, accuracy and availability of its products and services, including its technology, communications systems, servers, equipment and the internet. As discussed in Section 5.2.12, Ai-Media also relies on third party providers for the delivery of some of its services and, accordingly, many potential operational issues are outside Ai-Media's control.

Operational or business delays, and damage to reputation, may result from any disruption or failure of Ai-Media's information systems and product delivery platforms, which may be caused by events outside Ai-Media's control. This could lead to claims against Ai-Media by its customers, reduce the attractiveness of Ai-Media's software and services to its customers, subject Ai-Media to legal action and/or regulatory scrutiny and the potential termination of customer contracts.

There is no guarantee that insurance cover will be available and adequate to cover all financial exposure arising from one or more of the circumstances described above. In addition, any significant claim against such a policy may lead to either or both of increased premiums on renewal and additional exclusions to the terms of future policies. If Ai-Media experiences a defect with, or substantial disruption to, its products and/or services, Ai-Media could suffer customer and revenue loss, material harm to its reputation and/or significant expenditure to restore functionality.

5.2.16 Intellectual property rights

Ai-Media's platform is constantly evolving and improving. It was originally developed using a combination of proprietary, internally developed software and technologies and third-party software. As may also be evident from Section 3.9, the commercial value of Ai-Media's intellectual property is preserved by operational procedures to maintain confidentiality around Ai-Media's unregistered intellectual property (including confidential information, know-how and trade secrets) as well as legal protection provided by intellectual property laws on copyright, trade marks and patents. However, the actions taken by Ai-Media to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of its intellectual property and proprietary information.

In particular, the risks that Ai-Media may face in respect of its intellectual property include:

- Ai-Media's employees, contractors or third parties may breach confidentiality obligations, or infringe or misappropriate Ai-Media's intellectual property;
- Ai-Media may not be able to detect the unauthorised use of Ai-Media's intellectual property;
- the protective measures Ai-Media employs may not always be sufficient to secure its intellectual property (including trade secrets);
- Ai-Media's third party vendors may obtain insight on Ai-Media's intellectual property and use these findings to reverse engineer the framework or platforms underpinning Ai-Media's product and service offerings or develop alternative products which compete with them;
- third parties may successfully challenge the validity, ownership or authorised use of Ai-Media's existing intellectual property, which may result in the granting of a court injunction affecting Ai-Media's business operations and performance;
- Ai-Media may be unable to register intellectual property or otherwise protect or stop competitors using new intellectual property it develops in the future; and
- third parties may develop non-infringing competitive technology, or have registrations of intellectual property rights that Ai-Media adopts without necessarily knowing of them.

Any of the above risks have the potential to adversely impact Ai-Media's business activities, revenue, profitability and competitive position in the industry.

5.2.17 Infringement of third party intellectual property rights

If a third party accuses Ai-Media of infringing its intellectual property rights or commences litigation against Ai-Media for infringing its intellectual property rights, Ai-Media may incur significant costs in defending such action, whether or not it ultimately prevails. There is also a risk of third parties claiming involvement in, or membership of, the technological innovation contained in Ai-Media's products. The defence and prosecution of intellectual property claims are costly, time-consuming and their outcome is uncertain. Further, parties making claims against Ai-Media may be able to obtain injunctive or other equitable relief that could prevent Ai-Media from continuing to deliver products or services that are the subject of the third-party intellectual property rights or further developing or using its products and services. In the event of a successful claim of infringement against Ai-Media, it may be required to pay damages or obtain licences from the prevailing third party, which may cause Ai-Media to incur substantial expenditure.

5.2.18 Ai-Media's brand may diminish in reputation and value

Maintaining the strength of Ai-Media's brand and its reputation in the industries in which Ai-Media operates is important to retaining and increasing Ai-Media's client base and to enabling Ai-Media to successfully grow the business going forward. There is a risk that the reputation of Ai-Media could be affected by the actions of third parties, such as its third party translation technology providers. There is also a risk that unforeseen issues or events may arise that adversely affect Ai-Media's reputation, including the reputational impact of other risks outlined in this Prospectus. For instance, any major cybersecurity breach, system failure associated with Ai-Media's products, infringement of third party intellectual property rights or reduction in the quality of Ai-Media's products may adversely affect Ai-Media's brand reputation and value. In addition, if Ai-Media is unable to respond quickly to rectify any system failure, this may also adversely impact its brand reputation and value. If Ai-Media's reputation is diminished, this could result in customers or third party technology providers or partners ceasing to do business with Ai-Media. It may also impede Ai-Media's ability to compete successfully and may adversely affect Ai-Media's future financial performance.

Further, as Ai-Media's brand includes the letters "AI", there is a proliferation of brands and names in the technology sector using those letters in reference to artificial intelligence products and services. As a result, Ai-Media anticipates that there may be a growing need to defend its brand and take reasonable measures to minimise potential confusion with other businesses and products.

5.2.19 Success of sales and marketing strategy

Ai-Media's future success is partly dependent on the realisation of benefits from investment spent on sales and marketing campaigns and initiatives. Promoting awareness of Ai-Media's services is critical to Ai-Media's success as a captioning, transcription and translation services platform. Ai-Media expects that sales and marketing investment will continue to increase as the business grows. Ai-Media may not however receive benefits from these investments for several years or may not receive benefits from these investments at all. Failure to realise benefits from sales and marketing investments could negatively impact Ai-Media's ability to attract new customers and adversely impact Ai-Media's operational and financial performance. If the costs of sales and marketing campaigns and initiatives increase, or the effectiveness of Ai-Media's sales and marketing strategies decrease, Ai-Media may be unable to continue to grow at the expected rate or profitably, which would have a material adverse effect on Ai-Media's business, financial condition, operating and financial performance, and/or growth.

5.2.20 Acquisitions, expansion or growth initiatives by Ai-Media may not be successful

As described in Section 3.3, Ai-Media completed its acquisition of ACS in 2020. As part of its growth strategy, Ai-Media may also investigate and undertake further expansion, acquisition and other growth initiatives from time to time. The risks Ai-Media may face with its past and future expansion, acquisition and other growth initiatives include:

- difficulty in integrating and migrating the operations, systems, technologies, employees and customers of the acquired business;
- disruption to Ai-Media's existing business and diversion of financial and management resources on the transition and integration of the acquired business;
- difficulty in entering markets in which Ai-Media has limited direct or prior experience where competitors have established market positions;
- potential loss of key employees, customers or suppliers of the acquired business;
- differences in corporate culture and expectations between Ai-Media and the acquired business;
- assumption of liabilities and incurrence of debt to fund acquisitions;
- assumption of contractual obligations that contain terms that are not beneficial to Ai-Media;
- failure to realise the anticipated synergies and increases in the revenue, margins and net profit from the acquired business;
- limited experience with local laws, regulations and business customs in new and unfamiliar markets;
- difficulty in accurately valuing the acquired business resulting in overpayment;
- incomplete or inaccurate due diligence analysis of the acquired business; and
- failure to obtain customary warranties and indemnities from the vendors of the acquired business.

The occurrence of any of the above factors may adversely impact Ai-Media's ability to realise the anticipated benefits, strategic and financial objectives and synergies of the expansion, acquisition or other growth initiative, including any anticipated improvement in Ai-Media's financial performance.

Further, the availability or opportunity for future expansion, acquisition or other growth initiatives may be affected by factors outside of the control of Ai-Media and are not reliably predictable.

5.2.21 Loss making operation and sufficiency of funding

While Ai-Media has been profitable in the past, as a result of investing in its recent international expansion, Ai-Media is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. Although the Directors consider that Ai-Media will, on Completion of the Offer, have enough working capital to carry out its stated objectives as detailed in Section 3.12, there can be no assurance that its broader objectives and growth strategy can continue to be met in the future without securing further funding.

Ai-Media has limited financial resources and may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its technology and meet its other longer term objectives. While some of the proceeds from the Offer will be utilised for this, additional debt and equity capital may be required to respond to business opportunities, challenges or unforeseen circumstances.

Ai-Media's ability to raise additional funds will be subject to, among other things, factors beyond the control of Ai-Media and its Directors, including cyclical factors affecting the economy and the share markets generally. The Directors can give no assurance that future funds can be raised by Ai-Media on favourable terms, if at all.

If further funds are required but cannot be raised, this may force curtailment of product development initiatives, operations, or both to remain solvent and at some point Ai-Media may be forced to either dispose of operating assets or close down entirely. This could have a material adverse effect on Ai-Media's business, operations, financial performance and/or growth.

5.2.22 Failure to effectively manage growth

Based on Ai-Media's projections, Ai-Media expects further growth in the future which could place significant strain on current management, operational and finance resources as well as the infrastructure supporting Ai-Media's current products. Ai-Media's future success depends on its ability to effectively manage this growth. Failure to appropriately manage growth could be detrimental to Ai-Media's reputation and to the services provided by Ai-Media, and could result in failure to retain existing customers and a failure to attract new customers, which could adversely affect Ai-Media's operating and financial performance.

5.2.23 Acts of terrorism or sabotage

Ai-Media currently operates in certain jurisdictions in the world that may from time to time be the subject of heightened terrorism or sabotage threat. Ai-Media believes that its operations are not immune from being the target of terrorism or sabotage. Any such attack could have detrimental effect on Ai-Media's business from an employee, reputational and financial point of view.

5.2.24 Foreign exchange risks

Ai-Media's financial reports are prepared in AUD. However, a proportion of Ai-Media's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are denominated in, currencies other than AUD. Any adverse movements of these currencies against the AUD, as well as volatility, particularly during the period between when an invoice is issued and when payment is made, could have an adverse effect on Ai-Media's future financial performance and position. Movements in foreign exchange rates could also impact the cost competitiveness of both Ai-Media and its competitors. Any adverse movement in foreign exchange rates against Ai-Media but to the benefit of its competitors could affect its ability to obtain business which could adversely impact the future financial performance of Ai-Media (see the sensitivity analysis in Section 4.19). Movements in the exchange rate may also affect the decision of potential clients to enter certain markets.

5.2.25 Litigation and disputes

Ai-Media may be involved from time to time in disputes or claims and litigation with current or former customers, employees, independent freelancers, third party vendors or persons with rights or asserted rights to intellectual property. Such litigation, claims and disputes may adversely impact Ai-Media's operations and reputation. Ai-Media may also need to incur the cost of settling claims and paying any fines, which may affect Ai-Media's business, operations and financial performance. Further, if such disputes, claims or litigation were to result in damages being awarded against Ai-Media, it could have an adverse impact on the financial performance, position and future prospects of Ai-Media (and, therefore, its Share price or liquidity of Shares).

Ai-Media maintains professional indemnity and public liability insurance in respect of a range of events within coverage ranges determined in accordance with the Board's review and decision. However, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims.

So far as the Directors are aware, as at the Prospectus Date, other than the matters outlined in Section 9.8 there is no other current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecutions of a material nature in which Ai-Media is directly or indirectly concerned which is likely to have a material adverse impact on the business or the financial position of Ai-Media.

5.3 Investment and general risks

5.3.1 Macroeconomic conditions

General economic conditions, changes in government policy, amendments to legislation, movements in interest rates, inflation and currency exchange rates may have an adverse impact on Ai-Media's operations as well as its ability to finance its business model and pay dividends. Other general economic conditions which may adversely impact the price of Shares include an increase in unemployment rates, negative consumer and business sentiment and an increase in interest rates amongst other factors. As a result of the above-mentioned factors, Ai-Media is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below their Offer Price.

5.3.2 Share prices may fall

The price of the Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of Shares will increase following quotation on the ASX, even if Ai-Media's earnings meet or exceed forecasts. The factors which may affect the price of Shares include but are not limited to:

- general economic conditions including interest rates, exchange rates, inflation rates and commodity prices;
- the number of potential buyers or sellers of Shares on ASX at any given time;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- recommendations by brokers or analysts;
- inclusion in or removal from market indices (including the various S&P/ASX indices);
- the nature of markets in which Ai-Media operates; and
- general and operational business risks.

Other factors that may negatively affect the investor sentiment and influence Ai-Media specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, flood, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

Any of the factors described above could have a material adverse impact on Ai-Media's business, financial performance and operations. Given the market for the Company's Shares will be new, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer.

5.3.3 COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and supply restrictions.

The impact of some or all of these factors could cause an adverse impact to Ai-Media's financial performance. Furthermore, as an international business supplying services to various markets globally, the pandemic and associated impacts could necessitate further capital requirements/support (either on a standalone basis or concurrently), which creates additional challenges and risks for the financial position of Ai-Media.

Furthermore, Ai-Media's financial position may be adversely impacted if certain of its suppliers (including its counterparties, suppliers of IT services, and other suppliers of products and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of COVID-19. While many of Ai-Media's employees and contractors work, or have the ability to work, remotely, the pandemic may have adverse health impacts on this workforce and some jurisdictions may have constraints in the health services available to support affected employees or contractors.

The spread of COVID-19 has already resulted in governmental authorities in Australia, the United States and other countries around the world imposing a variety of measures restricting day-to-day life, including quarantines and travel restrictions of varying scope. This has resulted in significant disruptions in the global economy and the economies of particular countries, including health systems and manufacturing supply chains, consumption and overall economic output, which in turn has caused lower interest rates and significant volatility in global financial markets.

However, the extent of the impact on Ai-Media's business, results of operations, financial condition, liquidity and cash flows is largely dependent on future developments, which are highly uncertain and not predictable, including the scale of COVID-19 and actions taken to address its impact. Moreover, changes in interest rates, reduced liquidity or a continued slowdown in Australia, the United States or global economic conditions may also adversely affect Ai-Media's business, financial condition, results of operations, liquidity or prospects. Further, extreme market volatility may leave Ai-Media unable to react to market events in a prudent manner.

There is a risk that other pandemics could occur, which have effects on global economies and populations that are similar to or worse than COVID-19.

5.3.4 Trading in Shares may not be liquid

There is currently no public market through which existing Shares may be sold. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

The Escrowed Shareholders will hold approximately 63.6% of the Shares following Completion of the Offer, which may impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion of the Offer. A summary of the escrow arrangements is set out in Section 9.6. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Further, there is no guarantee that the Shares will remain continuously quoted in the ASX, which could impact the ability of Shareholders to sell their Shares.

5.3.5 Taxation changes may negatively affect Ai-Media

There is the potential for changes to tax laws (including transfer pricing, transaction taxes, GST, stamp duties, withholding taxes, employment taxes and the ability to claim R&D offsets), changes in the way tax laws are interpreted, and changes to the current tax rates imposed on Ai-Media (including in any foreign jurisdictions that Ai-Media may operate or have activities).

In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law and as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively.

In addition, tax authorities may review the tax treatment of transactions entered into, or tax deductions or similar claimed (such as in respect of GST, stamp duty or R&D tax offsets) by Ai-Media in any jurisdictions in which Ai-Media operates or has activities. Any actual or alleged failure to comply with, or any change in the application, interpretation or enforcement of tax rules applied in respect of such transactions, could increase Ai-Media's tax liabilities or expose it to legal, regulatory or other actions.

An investment in the Shares involves tax considerations which differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

5.3.6 Shareholders may be diluted

In the future, the Company may elect to issue Shares or engage in capital raisings to fund expansions, investments or acquisitions that the Company may decide to undertake, to repay debt, or for any other reason. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and capital raisings.

5.3.7 Ability to access debt and equity markets on attractive terms

In the future, if Ai-Media was required to raise capital through public or private financing or other arrangements such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm Ai-Media's business and prospects. If the Company cannot raise funds on acceptable terms, it may not be able to sustain its operations or grow its business or respond to competitive pressures.

The Company may need to engage in debt financing in the future to secure additional funds, including as funding (or partial funding) for acquisitions as part of Ai-Media's growth strategy. There can be no assurance that the Company will be able to obtain additional capital from debt sources on favourable terms or at all. If the Company is unable to raise debt capital if and when needed, this could delay, suspend or reduce the scope of Ai-Media's business strategy and could have a material adverse effect on the Company's activities which could adversely affect its business, financial condition and operating results.

Any debt financing, if available, may involve restrictive covenants, which limit Ai-Media's operations and business strategy.

5.3.8 Accounting standards may change

AAS are set by the AASB and are outside the control of either Ai-Media or its Directors and senior management. The AASB may introduce new or refined AAS in the coming years, which may affect future measurement and recognition of key income statement and balance sheet items. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key income statement and balance sheet items, may differ. Changes to AAS issued by the AASB, or changes to the commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in Ai-Media's consolidated financial statements.

5.3.9 Dividend risk

The Company has not to date paid any dividend on its ordinary shares. The Directors have no current intention to declare and pay a dividend and there is no certainty that the Company will pay dividends in the future.

5.3.10 Government and regulatory factors

Laws and regulations in the jurisdictions in which Ai-Media operates or has activities may be adopted with respect to Ai-Media's products and services in relation to issues such as user privacy, data protection, intellectual property, information security, the content and quality of products and services and the classification of the freelance contractors as employees rather than independent contractors, which could limit Ai-Media's proposed scope of activity and/or cause Ai-Media to incur significant costs.

5.3.11 Force majeure events may occur

Events may occur within or outside the jurisdictions in which Ai-Media operates or has activities that could impact upon the economies of those jurisdictions or the global economy, the operations of Ai-Media and the price of the Shares. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Ai-Media's products and services and its ability to conduct business. Ai-Media has only a limited ability to insure against some of these risks.

5.3.12 Speculative investment

The above list of risk factors is not to be taken as an exhaustive list of risks that the Company or its Shareholders are exposed to. The above risks, and others not specifically referred to above, may materially impact the business, operations and financial performance of the Company and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. In addition, past performance and Forecast Financial Information provides no indication or guarantee of Ai-Media's performance in the future. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares under this Prospectus.

6. Key People, Interests and Benefits

6. Key People, Interests and Benefits

6.1 Board of Directors

The Directors of the Company bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board and key management are set out below.

Table 6.1: Director Expertise, Experience and Qualifications

Director	
	**Deanne Weir** Non-Executive Director and Chair *BA (Hons) LLB (Hons) LLM* Deanne has served as a director of Ai-Media since 2010, and became Chair in August 2013. An entrepreneur, company director and philanthropist, Deanne previously spent 10 years at ASX listed company Austar United Communications as a senior executive, including as General Counsel and Company Secretary. Deanne is also Chair of Seer Data and Analytics, an Australian technology start-up. Deanne is passionate about community engagement and the power of story-telling to help influence social change. Deanne was a long-term Board member and Deputy Chair at Screen Australia and in 2017 was appointed Chair of the Sydney Film Festival. Deanne is a Graduate of the Australian Institute of Company Directors.
	**Tony Abrahams** Co-Founder, Director and Chief Executive Officer *BCom (Hons). LLB (UNSW), MPhil. MBA (Oxford)* Tony co-founded Ai-Media in 2003. Tony served as a Director of Northcott Disability Services from 2010 to 2018, and was recognised by the World Economic Forum as a Young Global Leader in 2013. In previous roles, Tony worked to establish the Oxford Internet Institute in 2001, while attending the University of Oxford as a Rhodes Scholar. Tony has been a member of the Australian Institute of Company Directors since 2006.
	**John Martin** Independent, Non-Executive Director *BA LLB (Hons)* John joined the board in 2010 and served as the company's first Chairman until 2013. He is an experienced company director and business executive having served as CEO and director of ASX-listed Babcock & Brown Communities, Primelife and Regeneus. John is a former corporate and executive partner of the law firm Allens where he specialised in M&A, fundraising and corporate advisory. He is a Non-Executive Director of ASX-listed investment company, Concentrated Leaders Fund; national law firm, Sparke Helmore; biotech company, Biopoint; and wireless technology company, Lokket. John is a member of the Australian Institute of Company Directors.

Director	
	**Jonathan Pearce** Non-Executive Director *B Fin.; Graduate Diploma of App. Fin* Jonathan was appointed to the Board in January 2020 as a nominee of CVC[1]. He has significant experience in the finance industry and has held senior roles in a number of boutique investment houses. He is a portfolio manager of the CVC Emerging Companies Fund and focuses primarily on corporate finance and advisory for small and mid-cap companies listed on the ASX.
	**Alison Loat** Independent, Non-Executive Director *BAH, Queen's University, Kingston Canada; MPP, Harvard Kennedy School* Alison joined the Board in 2018 is the Chair of Ai-Media's Canadian entity. Alison is the Managing Director, Sustainable Investing and Innovation at OPTrust, a Canadian public pension plan, where she is responsible for environmental, social and governance-related aspects of $22 billion in globally diversified investments and for developing a new investment portfolio that deploys capital at the intersection of sustainability and innovation. She is also a Director of The Logic, a Canadian media company. Alison is currently a World Economic Forum Young Global Leader, where she serves on the program's Advisory Board, an Advisory Board member at the Max Bell School of Public Policy at McGill University and a governor of Ridley College. She received both the Queen's Gold and Diamond Jubilee Medals for her service to Canada and was named one of the WXN 100 Most Powerful Women in Canada. She holds a BA (Honours) from Queen's University and a Master of Public Policy (MPP) from the Harvard Kennedy School.

6.1.1 Directors disclosure

From 3 April 2014, Jonathan Pearce was a director of LJB Hotels Pty Ltd (ACN 168 919 284) which was placed into voluntary administration in late 2017 and was deregistered on 22 July 2018 by unanimous approval of all directors. From 23 June 2014, Jonathan Pearce was a director of LJB Hotels Services Pty Ltd (ACN 600 276 631) which was placed into voluntary administration in late 2017 and was deregistered on 22 July 2018 by unanimous approval of all directors.

The other Directors have considered the circumstances surrounding Jonathan Pearce's involvement in LJB Hotels Pty Ltd and LJB Hotels Services Pty Ltd and are of the view that his involvement as a director of LJB Hotels Pty Ltd and LJB Hotels Services Pty Ltd prior to the two companies being placed into voluntary administration, in no way impacts on his appointment and contribution as a Director of the Company.

Other than as described above, no Director has been:

- an officer of any company that has been put into liquidation, receivership, administration or had a controller appointed during the time the Director was an officer or within the 12 month period afterwards; or
- involved in any criminal proceedings, regulatory violations or significant litigation or charged with or convicted of any offence.

1) As a condition of their original subscription for Convertible Notes, CVC is entitled to have a nominee director on the Board for so long as they hold at least 75% of the Shares issued on conversion of the Convertible Notes. That condition will be satisfied as at Completion of the Offer.

6. Key People, Interests and Benefits

6.2 Senior management

The following table provides information regarding the senior management team of Ai-Media, including their positions and expertise.

Table 6.2: Senior Management Expertise, Experience and Qualifications

Senior Management	Expertise, Experience and Qualifications
	Tony Abrahams Co-Founder, Director and Chief Executive Officer See Section 6.1
	**Patrick Fok** Chief Financial Officer Patrick has over 25 years of senior finance and business development experience across multiple industries including FMCG, Airline, Media and Technology. His previous roles include Head of Finance Media and Marketing at Telstra, Commercial Director & CFO of Fairfax Radio Network and GM Group Financial Planning at Fairfax Media. Patrick is a Fellow of the Australian CPA, and graduated from the University of Technology, Sydney with a MBA, Post Graduate in IT, and degree in Business.
	**Sue Sanossian** Company Secretary Sue joined Ai-Media in 2011 and is responsible for assisting the Board and company in meeting its fiduciary, compliance and corporate governance obligations. Sue heads up the People and Culture team and previously was part of the corporate development and legal affairs team at Austar United Communications Limited (an ASX listed company), and has prior experience in administrative roles with two ASX listed companies - Lake Technology Limited and Excel Coal Limited. Sue is a pivotal point of contact for the Board, investors, senior executives, staff and industry peers. She is a Member of the Australian Institute of Company Directors and is currently studying with the Governance Institute of Australia (Certificate in Governance). In January 2020 Sue was appointed Board member of the Global Alliance of Speech to Text Captioning, a US-based non-profit corporation which is dedicated to universal accessibility to the spoken word via all forms of captioning.
	**Philip Hyssong** Chief Customer Officer Philip is co-founder of ACS, and PostCAP, LLC -- a family of text creation companies which Ai-Media acquired in May 2020. Prior to launching ACS, Phil spent 6 years as vice president of another national captioning company. And before that, he was Executive Director of a television production company specializing in Christian media that focused on the needs of people who were deaf or hard of hearing. He holds an undergraduate degree in Education from Concordia University Chicago, a Masters' degree in Instructional Design from Northern Illinois University, and became a Certified Manager of Reporting Services through the National Court Reporters Association. He successfully completed the Text Interpreting (TypeWell) training program and became a proficient transcriber. He pioneered remote CART Captioning bringing it into the mainstream and also was the first to offer Text Interpreting on a national level. He spent time in Washington, DC, for several years as a member of the Federal Communications Committee (**FCC**) subcommittee on disability. Based in Illinois, he was a founding mentor of the local business incubator program at one of the nation's best high schools.

Senior Management	Expertise, Experience and Qualifications
	**Ian Harris** Chief Product Officer Ian has over 25 years' experience building, delivering and managing technology and broadcast products. As part of Austar United Communications, Ian was responsible for building and running the broadcast infrastructure nationally. He has executed global product management and sales roles in broadcast companies in London and Dublin before focussing on North American customers as part of Accenture in New York. In that senior management role, Ian drove technology delivery for large tier-1 cable and satellite broadcasters in the US and Canada. Returning recently to his native Australia, Ian is responsible for product strategy and delivery at Ai-Media.
	**Megan Hemingway** Chief Information Officer Megan is the CIO of Ai-Media. She joined in May 2020 after 4 years as the Head of IT for Seven West Media. She has degrees in Computer Science and Mathematics from the University of Newcastle. Megan has more than 20 years' experience in IT, starting as a developer, moving through project management into general IT leadership. She has worked primarily in the media, engineering and mining industries. Specifically within media, this included working as a Program Director for BCC Adsystems, after working for GroupM, initially based in Australia as the IT Business and Development Manager and then spending 3 years as the APAC Applications Director based in Singapore.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Ai-Media; or
- manager to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

held at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Executive remuneration

6.3.1.1 Overview

Ai-Media's philosophy on remuneration is that executive and key employee remuneration should be aligned with Shareholder interests by providing levels of fixed remuneration and "at risk" pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy. Ai-Media's executive remuneration comprises of fixed remuneration, short term incentives and long term incentives through equity-based compensation.

Ai-Media's previous share and cash incentive plans were established in 2013 and have vested as a result of the Offer. New incentive plans are being put in place to be implemented after the IPO has completed.

Ai-Media has established the Long-Term Incentive Plan (**LTIP**) to assist in the motivation, reward and retention of senior management and other Ai-Media employees from time to time. The LTIP is designed to align the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company subject to the satisfaction of certain performance conditions.

6.3.1.2 Chief Executive Officer

Details regarding the terms of employment of the Chief Executive Officer, Tony Abrahams, are set out below in Table 6.3.

Table 6.3: Summary terms of employment of the Chief Executive Officer, Tony Abrahams

Term	Description
Employer	Tony is employed on a part-time basis by Access Innovation Media Pty Limited and on a full-time basis by Ai-Media Canada Inc.
Fixed remuneration	Tony is entitled to receive a total annual fixed remuneration of $325,000, comprising of $130,000 (inclusive of base salary and superannuation) under the contract with Access Innovation Media Pty Limited and CAD182,918.04 under the contract with Ai-Media Canada Inc. This split reflects the balance of work conducted for each entity. Under Tony's employment contract with Access Innovation Media Pty Limited, the Board may request Tony to become a director of Access Innovation Media Pty Limited or a related body corporate, and in that event, Tony will not be entitled to any additional remuneration for such appointment.
Short-term incentives	Access Innovation Media Pty Limited may also, at its absolute and sole discretion, determine that Tony is eligible to receive an annual bonus. Achievement of a bonus in any one year does not guarantee payment of, nor amount to an implied entitlement to, payment of a bonus in any other year and shall in no way be regarded as a contractual entitlement for subsequent years.
Long-term incentives	Tony will not participate in the LTIP, which is described below at Section 6.3.5.1, in the first three years. However, the LTIP provides flexibility for him to participate in the future.
Other interests and benefits	Under Tony's employment contract with Access Innovation Media Pty Limited, Tony may be reimbursed for all reasonable travel and out of pocket expenses which are properly incurred by him in the course of his employment.

Term	Description
Termination	Under Tony's employment contract with Access Innovation Media Pty Limited, either he or Access Innovation Media Pty Limited can terminate his employment by giving the other party 3 months' written notice (or by Access Innovation Media Pty Limited making payment in lieu of notice of part or all of the notice period). Access Innovation Media Pty Limited may summarily terminate Tony's employment contract in certain circumstances, including where he engages in serious or wilful misconduct, commits an act of fraud or material misrepresentation against Access Innovation Media Pty Limited, or any supplier to, or customer of, Access Innovation Media Pty Limited, or commits any serious or persistent breach or neglect of duty. All payments on termination under Tony's employment contract with Access Innovation Media Pty Limited will be subject to the termination benefits cap under the Corporations Act. Under Tony's employment contract with Ai-Media Canada Inc, either he or Ai-Media Canada Inc can terminate his employment by giving the other party 4 weeks' written notice, or such greater amount as may be required under applicable legislation (or by Ai-Media Canada Inc making payment in lieu of notice of part or all of the notice period). Ai-Media Canada Inc may summarily terminate Tony's employment contract in the case of serious misconduct, which includes, but is not limited to, serious or repeated breaches of his obligations under the employment contract or Ai-Media Canada Inc's policies, engaging in unprofessional work and committing any act of dishonesty.
Restraints	Tony's employment contract with Access Innovation Media Pty Limited and Ai-Media Canada Inc contain post-employment restraints, including: • non-competition restraints (which purport to operate across Australia in relation to Access Innovation Media Pty Limited); • restrictions against soliciting certain customers, clients or suppliers of Access Innovation Media Pty Limited and Ai-Media Canada Inc respectively; • restrictions against soliciting certain employees, consultants or contractors of Access Innovation Media Pty Limited and Ai-Media Canada Inc respectively; and • in relation to Ai-Media Canada Inc only, restrictions against otherwise interfering with, disrupting or attempting to disrupt the relationship, contract or other arrangement between Ai-Media Canada Inc and any client, associate, employee or contractor of Ai-Media Canada Inc. The restrictions above purport to operate for up to 6 months' after termination.

6.3.1.3 Chief Financial Officer

Details regarding the terms of employment of the Chief Financial Officer, Patrick Fok, are set out below in Table 6.4.

Table 6.4: Summary terms of employment of the Chief Financial Officer, Patrick Fok

Term	Description
Employer	Patrick is employed by Access Innovation Media Pty Limited.
Fixed remuneration	Patrick is entitled to receive annual fixed remuneration of $300,000 (inclusive of base salary and superannuation).
Short-term incentives	Access Innovation Media Pty Limited may, at its absolute and sole discretion, determine that Patrick is eligible to receive an annual bonus. Achievement of a bonus in any one year does not guarantee payment of, nor amount to an implied entitlement to, payment of a bonus in any other year and shall in no way be regarded as a contractual entitlement for subsequent years.
Long-term incentives	Patrick may participate in the LTIP which is described below at Section 6.3.5.1.
Other benefits	Patrick received 1,000,000 Share rights under Ai-Media's previous incentive plan established in 2013 (issued in November 2018). Patrick received the following cash bonuses: • $50,000 (inclusive of superannuation) paid January 2020; and • $50,000 (inclusive of superannuation) paid April 2020. Under Patrick's employment contract, Access Innovation Media Pty Limited will reimburse Patrick for all reasonable travel and out of pocket expenses which are properly incurred by him in the course of his employment.
Termination	Under Patrick's employment contract with Access Innovation Media Pty Limited, either he or Access Innovation Media Pty Limited can terminate his employment by giving the other party 3 months' written notice (or by Access Innovation Media Pty Limited making payment in lieu of notice of part or all of the notice period). Access Innovation Media Pty Limited may summarily terminate Patrick's employment contract in certain circumstances, including where he engages in serious or wilful misconduct, commits an act of fraud or material misrepresentation against Access Innovation Media Pty Limited, or any supplier to, or customer of, Access Innovation Media Pty Limited, or commits any serious or persistent breach or neglect of duty. All payments on termination will be subject to the termination benefits cap under the Corporations Act.
Restraints	Patrick's employment contract with Access Innovation Media Pty Limited contain post-employment restraints, including: • non-competition restraints, which purport to operate across Australia; • restrictions against soliciting certain customers, clients or suppliers of Access Innovation Media Pty Limited; and • restrictions against soliciting certain employees, consultants or contractors of Access Innovation Media Pty Limited. The restrictions above purport to operate for up to 6 months' after termination.

6.3.1.4 Short-Term Incentives

Ai-Media's executive employment contracts recognise the potential for the award of annual incentives, in the form of cash bonuses, which become payable upon satisfaction of specified performance criteria. Any cash bonus that may be awarded is calculated on a sliding scale between 0% and 150%.

Payment of short-term incentives in any given year will be determined by the Board, in its absolute and sole discretion, and will be conditional upon achievement of:

- individual performance criteria tailored;
- to each respective role (if any); and
- the Company's financial performance against criteria set by the Board.

6.3.1.5 Long-Term Incentive Plan

The LTIP offer documents provide the framework under which the LTIP and individual grants will operate, the key terms of which are outlined in Table 6.5.

Table 6.5: Summary of Long-Term Incentive Plan

Term	Description
Eligibility	Offers to participate in the LTIP may be made at the Company's discretion to directors (including Non-Executive Directors), senior management and other employees. Initially, the CEO and Chair will not participate in the LTIP on the basis that they continue to hold a substantial stake in the Company. However, the LTIP provides flexibility for the CEO and Chair to participate in the LTIP in the future.
Awards	The LTIP permits the grant of restricted share units (**Restricted Share Units**), being a conditional right under the LTIP to receive a number of Shares (as specified in, or otherwise determined in accordance with, the relevant invitation) (**Restricted Shares**) or, subject to any discretion conferred on the Board in the invitation, to receive a cash amount equivalent to the value of such number of Shares as determined in accordance with the invitation, on and subject to the LTIP rules and the terms of the invitation. The Restricted Shares are subject to dealing restrictions for a period of time (**Restriction Period**) in accordance with the LTIP rules and/or the terms of the relevant invitation. Each Restricted Share Unit entitles the holder to acquire one fully paid ordinary share in the Company for nil consideration, subject to any applicable vesting (and exercise) conditions. The number of Restricted Share Units will be determined based on the face value of the underlying shares (i.e. LTI opportunity divided by Share price). The Share price will be determined as the 10-day VWAP up to the grant date of the Shares unless otherwise determined by the Board. For the initial grant, the Share price will be the Offer Price.
Issue price	Unless the Board determines otherwise, Restricted Share Units will be issued for nil consideration. The exercise price of each Restricted Share Unit is nil.

Term	Description
Vesting conditions and vesting	The Board will have the discretion to set the terms and conditions on which it will offer Restricted Share Units under the LTIP and will specify such terms and conditions in the relevant invitation to an eligible employee. The Board may determine that the Restricted Share Units will be subject to performance, service, or other conditions which must be satisfied or waived before the Restricted Share Units vest (**Vesting Conditions**). The Restricted Share Units offered to Non-Executive Directors will only be subject to continued service and will not be subject to performance-based conditions. For initial grants of Restricted Share Units to participants other than the Non-Executive Directors, the proposed Vesting Conditions are as follows: • **Service**: Participants are required to remain employed with Access Innovation Media Pty Limited until the vesting date, subject to the leaver provisions outlined below; and • **Performance**: 50% of each tranche is subject to a relative total shareholder return hurdle and 50% of each tranche is subject to a gross margin hurdle. The Board retains complete flexibility to make changes to the applicable Vesting Conditions for future grants of Restricted Share Units. In addition to the Vesting Conditions, the Board may determine that Restricted Share Units will be subject to further conditions which must be satisfied or waived before vested Restricted Share Units may be exercised (**Exercise Conditions**) and that shares received on the exercise of Restricted Share Units will be subject to restrictions on disposal for a specified period (**Disposal Restrictions**). The Board may, at its discretion, vary, reduce or waive any Vesting Conditions, Exercise Conditions and/or Disposal Restrictions attaching to awards at any time, subject to applicable law.
Vesting date	Restricted Share Units granted to Non-Executive Directors will vest over a 12 month period on a quarterly basis with 25% of each award vesting after each quarter. The initial grant of Restricted Share Units to participants other than the Non-Executive Directors will vest in three equal tranches with 1/3 of the award vesting each year. Shares received on the exercise of the initial grants of Restricted Share Units will be subject to a holding lock of 12 months following vesting.
Lapse	Unless otherwise determined by the Board, a Restricted Share Unit issued under the LTIP will lapse, in certain circumstances including: • where the Board determines that any applicable Vesting Condition and/or Exercise Condition cannot be satisfied; • where the participant purports to dispose of the Restricted Share Unit, or enter into any arrangement in respect of the Restricted Share Unit, in breach of any disposal or hedging restrictions; • in certain circumstances if the participant’s employment/directorship is terminated (see ‘Leaver provisions’ below); • if the Board determines that the Restricted Share Unit is liable to clawback (see ‘Clawback and malus’ below); and • if the Board determines that the Restricted Share Unit will lapse in the event of a change of control in respect of the Company (see ‘Change of control’ below).

Term	Description
Dividend and voting entitlements	Restricted Share Units will not be entitled to dividend or voting rights. However, the LTIP may provide flexibility for the Board to determine prior to making an offer that any Restricted Share Units the subject of the offer will carry rights entitling the holder to receive dividend equivalents i.e. a payment in cash or Shares equivalent to the value of dividends that would have been payable to the holder had they been the holder of the underlying Shares over which the Restricted Share Unit is exercisable.
Participation rights	Restricted Share Units will not confer the right to participate in new issues of Shares or other securities in the Company. However, subject to the ASX Listing Rules, the LTIP will provide for adjustments to be made to the number of Shares which a participant would be entitled on the exercise of Restricted Share Units in the event of a bonus issue or pro-rata issue to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) or a reorganisation of capital.
Restrictions	Restricted Share Units will not be permitted to be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of, without the prior approval of the Board, or unless required by law. Participants will not be permitted to enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Restricted Share Units. On or before the end of the Restriction Period applicable to a Restricted Share Unit, the Board may determine that the Company will pay a cash amount to the participant equivalent to the market value of a Share as at the end of the Restriction Period instead of the participant retaining the Share.
Leaver provisions	A 'good leaver' is defined as an employee who terminates employment as a result of retirement, genuine redundancy, death, terminal illness, total and permanent disablement, or anyone else as determined by the Board. Where an individual is a good leaver, the Board has the discretion to allow some or all of the unvested Restricted Share Units to remain on foot or determine that unvested Restricted Share Units vest on a date earlier than the vesting date. A 'bad leaver' is defined as an employee who terminates employment and is not considered a good leaver. Where an employee is a bad leaver, unless the Board determines otherwise, any unvested Restricted Share Units immediately lapse.
Clawback and malus	If the Board becomes aware of a material misstatement in the Company's financial statements, that a participant has committed an act of fraud, negligence or gross misconduct or failed to comply in a material respect with any restrictive covenant or that some other event has occurred which, as a result, means that a participant's award should be reduced or extinguished, or should not vest, then the Board may clawback or adjust any such award at its discretion to ensure no unfair benefit is derived by the participant.

Term	Description
Change in control	If a change of control event occurs with respect to the Company, the Board may determine, in its discretion, the manner in which all unvested Restricted Share Units will be dealt with having regard to any matter the Board considers relevant, including, without limitation, the circumstances of the transaction or event, the extent to which any applicable Vesting Conditions and/or Exercise Conditions have been satisfied and/or the proportion of any applicable performance period that has passed at that time. This may include determining (at the Board's discretion) that some or all of the Restricted Share Units will: • vest; • lapse; • remain on foot subject to the applicable or varied Vesting Conditions, Exercise Conditions and/or Disposal Restrictions; or • may only be exercised within a specified period and will otherwise lapse.

6.3.2 Non-Executive Director Remuneration and Benefits

6.3.2.1 Director appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of their appointments, their roles and responsibilities and Ai-Media's expectations of them as Directors.

6.3.2.2 Remuneration

Under the Constitution, the Board may decide the total amount paid by the Company to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors fees approved by Shareholders at the Company's general meeting. This cash amount has been fixed by the Company at $500,000 per annum including statutory superannuation contributions. The Company has reset and increased the maximum aggregate Non-Executive Director's fees in contemplation of the IPO in line with the increased responsibilities of the Board. The aggregate sum does not include any special and additional remuneration for special exertions and additional services (including serving on special Committees) performed by a Non-Executive Director as determined appropriate by the Board, and does not include share-based remuneration. Non-Executive Directors of the Company are not paid additional fees for services provided as directors on subsidiary boards (although other directors, who are not Directors of the Company, are paid fees for those services).

As at the Prospectus Date, the annual Non-Executive Directors' base fee agreed to be paid by the Company to each of the other Non-Executive Directors other than the current Chair is comprised of a cash component of $65,000 (including superannuation) per annum and, for each Non-Executive Director other than the current Chair, a share based component under the LTIP. The share based entitlement is an allocation of rights to Shares (referred to above as Restricted Share Units) to a value of $25,000 per annum, for each of the first 3 years following the IPO pursuant to this prospectus (and thereafter as determined by the Board). In the first year, the first tranche of Restricted Share Units will vest and be convertible into Shares following the FY20 Results Date based on the Offer Price, representing an allocation of 20,325 Shares for each Non-Executive Director (other than the current Chair). In the second and third years, respectively, the second and third tranches of Restricted Share Units will vest, and be convertible into Shares based on a 10-day VWAP to the vesting date of the Restricted Share Units unless otherwise determined by the Board. In the second and third years, the vesting date of Restricted Share Units will be a date at the commencement of each financial year, determined by the Board.

As at the Prospectus Date, the annual Directors' fee agreed to be paid by the Company to the current Chair is comprised of a cash component of $100,000 (including superannuation) per annum. The current Chair is a significant Shareholder and is not participating in the share-based remuneration under the LTIP in the first 3 years.

6.3.2.3 Other interests in the Offer

In addition, the following Non-Executive Directors will sell down the following interests in the IPO and receive cash proceeds:

- Deanne Weir: employee share plan options representing approximately 1,262,500 Shares on an as-converted basis, which will be sold which will be sold to SaleCo (and from there converted and sold into the IPO); and a sell-down of approximately 4,095,446 existing Shares via SaleCo in the IPO, at the Offer Price together producing a combined cash benefit of $6,590,274;
- John Martin: employee share plan options representing approximately 1,122,500 Shares on an as-converted basis, which will be sold which will be sold to SaleCo (and from there converted and sold into the IPO); and a sell-down of approximately 190,000 Existing Shares via SaleCo in the IPO, at the Offer Price together producing a combined cash benefit of $1,614,375;
- Jonathan Pearce: convertible notes which will convert into 617,111 Shares, of which 154,278 are to be sold down in the IPO via SaleCo, at the Offer Price, producing a combined cash benefit of $189,762. Jonathan Peace also has an association with the CVC Emerging Companies Fund which will sell down Shares (on conversion of convertible notes) in the IPO at the Offer Price, and continue to hold Shares after the IPO.

See Section 6.3.4 for the Directors interests in Securities before and after the IPO.

6.3.3 Deeds of access, indemnity and insurance for Directors

The Company has entered into deeds of access, indemnity and insurance with each Director. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of seven years after the Director ceases to hold office as an officer of the Company.

Pursuant to the Constitution, the Company will indemnify each officer of the Company to the full extent permitted by law from and against all losses or liabilities incurred by that person as an officer of the Company or its related bodies corporate (except a liability for legal costs), including, but not limited to, legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the officer becomes involved because of that capacity and legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer, if that expenditure has been approved by the Company. Under the deeds of access, indemnity and insurance, the Company must indemnify each Director to the fullest extent permitted by law, against all liabilities incurred by the Director (including legal costs reasonably incurred) in their capacity as an officer of the Company or of a related body corporate.

Pursuant to the Constitution, the Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer of the Company or its related bodies corporate, including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome. Under the deeds of access, indemnity and insurance, the Company must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office as an officer of the Company or of a related body corporate. This seven year period is extended where certain proceedings or investigations commence during the seven-year period but are not resolved until later.

6.3.3.1 Expense Reimbursement and other Remuneration Arrangements

Directors may also be reimbursed for all reasonable travelling, accommodation and other expenses the Director may incur when travelling to or from meetings of the Directors, a committee meeting or when otherwise engaged on the business of the Company. Any Director who performs extra services or makes any special exertions for the benefit of the Company may be remunerated for the services (as determined by the Board) out of the funds of the Company. These amounts are in addition to the fees set out in Section 6.3.2.2.

6.3.4 Directors' and Key Management Personnel's Interests in Shares and Other Securities

6.3.4.1 Directors

Table 6.6: Directors' interests in Securities

Name	Shares held on Prospectus Date prior to the completion of the Offer[1] Number of Shares[1]	Shares held on Prospectus Date prior to the completion of the Offer[1] % of total Shares[1]	Shares held on completion of the Offer Number of Shares[3]	Shares held on completion of the Offer % of total Shares
Tony Abrahams (as a Director of Pearlirose Pty Limited)	27,919,089	23.3%	27,639,898	19.2%
Deanne Weir (and related entities	21,430,282	17.9%	16,072,336	11.1%
John Martin (and related entities)[2]	2,401,146	2.0%	1,088,646	0.8%
Jonathan Pearce (related entity)[2]	617,111	0.5%	462,833	0.3%
and, by association with certain CVC entities	5,779,848	4.8%	4,334,886	3.0%
Alison Loat[2]	–	–	250,000	0.2%
Total	**58,147,476**	**48.5%**	**49,848,599**	**34.6%**

1. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Notes on a notional as-converted basis. Options and Convertible Notes will not be converted into Shares until shortly prior to settlement of the IPO. The closing out of certain employee options involves the payment of a salary bonus, on transfer of the option to SaleCo, which is applied in partial payment of an employee loan that funded the acquisition of the option.
2. In addition, these Non-Executive Directors (other than the Chair) will be issued with 3 tranches of Restricted Share Units under the LTIP, which vest and convert into Shares as described in section 6.3.2.2.
3. Includes Shares to be subscribed for as part of the Offer by certain Directors.

6.3.4.2 Key Management Personnel

Table 6.7: Key Management Personnel's Security Interests

Name	Shares held on Prospectus Date prior to the completion of the Offer[1] Number of Shares[1]	Shares held on Prospectus Date prior to the completion of the Offer[1] % of total Shares[1]	Shares held on completion of the Offer Number of Shares[2]	Shares held on completion of the Offer % of total Shares
Tony Abrahams (as a Director of Pearlirose Pty Limited)	27,919,089	23.3%	27,639,898	19.2%
Patrick Fok	1,000,000	0.8%	500,000	0.3%
Total	**28,919,089**	**24.1%**	**28,139,898**	**19.5%**

1. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Notes, or rights under the ACS Acquisition Agreement, on a notional as-converted basis. Options and Convertible Notes, and rights under the ACS Acquisition Agreement, will not be converted into Shares until shortly prior to settlement of the IPO. The closing out of certain employee options involves the payment of a salary bonus, on transfer of the option to SaleCo, which is applied in partial payment of an employee loan that funded the acquisition of the option.
2. Includes Shares to be subscribed for as part of the Offer by certain Key Management Personnel.

6.4 Interest of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter Securities Limited and Morgans Corporate Limited have acted as Joint Lead Managers and Underwriters for the Offer. They will receive fees of an aggregate of $3.1 million in relation to the Offer, under the Underwriting Agreement (see Section 9.5.1).
- Deloitte Corporate Finance Pty Limited has acted as Investigating Accountant to the Company for the Offer, and performed work in relation to the Financial Information included in Section 4 and the Investigating Accountants Report included in Section 8. It will receive fees of an aggregate of approximately $0.35 million (excluding disbursements and GST) for these services up to the Prospectus date. Further amounts may be paid to the Investigating Accountant for other work in accordance with its normal time-based charges.
- Deloitte Tax Services Pty Ltd has acted as tax adviser to the Company for the Offer. It will receive fees of an aggregate of approximately $0.14 million (excluding disbursements and GST) for these services up to the Prospectus date. Further amounts may be paid to the tax adviser for other work in accordance with its normal time-based charges.
- Deloitte Touche Tohmatsu act as auditor to the Company, and receive fees for their audit work.
- Frost & Sullivan have prepared the market research report included in the Prospectus. They will receive fees of an aggregate of $0.02 million for preparation of the report.
- Jones Day have acted as Australian legal adviser to Company for the Offer (other than in relation to tax, stamp duty and intellectual property). They will receive fees of an aggregate of approximately $0.54 million (excluding disbursements and GST) in relation to the Prospectus up until the Prospectus date. Further amounts may be paid to Jones Day for further work in accordance with their normal time-based charges. Jones Day are legal advisers to the Company and receive fees for other corporate legal work.
- Silberstein & Associates have prepared the intellectual property report included in the Prospectus and acted as IP adviser to the Offer. They will receive fees of an aggregate of approximately $0.02 million (excluding disbursements and GST) in relation to the Prospectus. Silberstein & Associates are intellectual property advisers to the Company and receive fees for other intellectual property work.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.5 Corporate governance

This Section 6.5 summarises the key corporate governance policies and practices adopted by the Company and outlines how the Board will oversee the management of Ai-Media' business.

In conducting Ai-Media's business, the Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Ai-Media's strategies, policies and performance;
- protect and optimise company performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution;
- set, review and monitor compliance with Ai-Media's values and governance framework; and
- ensure that Shareholders are kept informed of Ai-Media's performance and major developments affecting its state of affairs.

Accordingly, the Board has created a framework for managing Ai-Media, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for Ai-Media's business and that are designed to promote the responsible management and conduct of Ai-Media.

6.5.1 ASX Corporate Governance Council's Principles and Recommendations

The ASX Corporate Governance Council has developed the ASX Corporate Governance Council's Principles and Recommendations, 4th edition, 2019 (**ASX Recommendations**) for ASX listed entities to promote investor confidence and assist companies in meeting stakeholder expectations. The recommendations are guidelines and are not prescriptive, however, under the ASX Listing Rules, the Company will be required to disclose the extent of their compliance with the ASX Recommendations for each reporting period. Where the Company has not followed an ASX Recommendation for any part of the reporting period, it will be required to identify the recommendation that has not been followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The charters, policies and the other governance measures adopted by the Company reflect the Board's endorsement of the ASX Recommendations. These key documents will be reviewed by the Board and amended from time to time.

Although the Company is not required to measure its governance practices against the ASX Recommendations until the financial year ended 30 June 2021, the Company is committed to conducting its business in the best interests of its Shareholders by adopting the ASX Recommendations early. The Company's charters, policies and the other governance measures, as measured against the ASX Recommendations, are outlined in Table 6.8.

Table 6.8: Summary of ASX Corporate Governance Council's Principles and Recommendations

Principle 1 – Lay solid foundations for management and oversight		
1.1	A Board Charter, which is available on its website, which sets out: a) the respective roles and responsibilities of its Board and management; and b) a clear distinction between its functions and those delegated to management.	✓
1.2	Appropriate checks, including criminal record and banned and disqualified director checks, have been carried out on all Board members, CEO and CFO prior to their appointment. The Company will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings.	✓
1.3	All Directors and senior executives have a written agreement with the Company or a member of the Company setting out the terms of their appointment.	✓
1.4	The Company Secretary is accountable directly to the Board, through the chair on all matters to do with the proper functioning of the Board.	✓
1.5	The Board has adopted a Diversity Policy, a copy of which is on the Company's website. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity in the composition of its board, senior executives and workforce generally. The Company will disclose in relation to each reporting period: a) the measurable objectives set for that period to achieve gender diversity; b) the entity's progress towards achieving those objectives; and i. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act (non-public sector employer of 100 or more employees), the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	✓

1.6	At least once per year the Board will, with the advice and assistance of the Remuneration and Nomination Committee (**RNC**), review and evaluate the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives.	✓
1.7	Performance reviews for Executive Directors and senior management will take place at least annually. The RNC has accountability in its charter to oversee these reviews and report to the Board on their outcomes. The Company intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.	✓
Principle 2 – Structure the Board to be effective and add value		
2.1	The Board has formed a RNC and the RNC charter is available on the Company's website. The RNC charter clearly sets out the role of the committee and confers on it the necessary powers to perform that role. The RNC is the sufficient size to meet the requirements of the business without being so large as to be unwieldy. The RNC is comprised of Alison Loat, John Martin and Deanne Weir, all of whom are Non-Executive Directors, and a majority of whom are independent directors. The RNC is chaired by Alison Loat, an independent director.	✓
2.2	In establishing the Board, regard was had to the skills and expertise required of the Directors relevant to the Company's business and the Company's Listing in Australia. The Company has a Board Skills Matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership. Directors with the desired skills and expertise were carefully selected for appointment to the Board.	✓
2.3 and 2.4	The Board Charter sets out the criteria adopted by the Board for considering if a Director is independent. The Board is comprised of five members, Alison Loat, Tony Abrahams, Deanne Weir, John Martin and Jonathan Pearce. The Board considers an independent director to be a Non-Executive Director who is not a member of the Company's Management and who is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the person's judgement. Alison Loat and John Martin are considered independent directors. Neither of them has a material shareholding of over 5% in the Company or is an adviser or supplier or associated with an adviser or supplier to the Company, nor has any other material contractual relationship with the Company other than their position as a Director. Despite non-compliance with ASX Recommendation 2.4, which provides that the Board should be comprised of a majority of independent Directors, the Board considers that its proposed composition is appropriate in light of the Company's operations and size. All of the Directors believe that they will be able to, individually and collectively, analyse the issues before them objectively and in the best interests of Shareholders and in accordance with their duties as Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.	✓
2.5	The Board has appointed Deanne Weir as a Non-Executive Director and Chair. She is not independent, but she is an experienced chair, has listed company experience and the Board considers that her experience and knowledge of the Company and of the industry is valuable to the role of chair and particularly important when the Company is first listed.	✓
2.6	All Non-Executive Directors have had an extensive induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included presentations by Management. Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.	✓

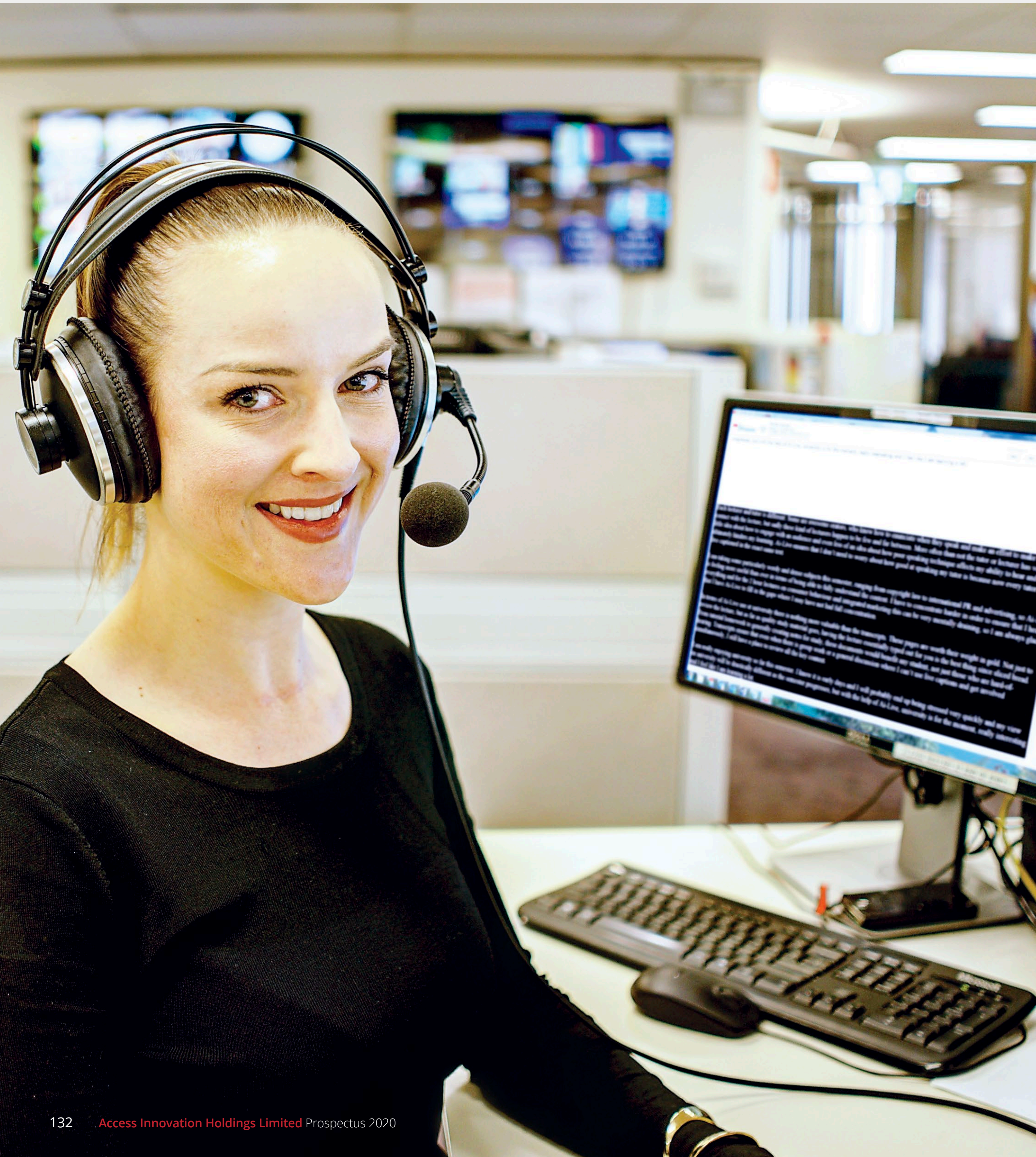
Principle 3 – Instill a culture of acting lawfully, ethically and responsibly		
3.1	The Board has adopted a code of conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on the Company's website.	✓
3.2	The statement of values has been set out in the code of conduct as well.	✓
3.3	The Company has adopted a whistleblower policy and ensures that the Board is informed of any material incidents reported under the policy, a copy of which is disclosed on the Company's website.	✓
3.4	The Company has adopted an anti-bribery and corruption policy and ensures that the Board is informed of any material incidents reported under the policy, a copy of which is disclosed on the Company's website.	✓
Principle 4 – Safeguard the integrity of corporate reports		
4.1	The Board has established an audit and risk committee (**ARC**). The ARC is comprised of Alison Loat, John Martin and Jonathan Pearce, all of whom are Non-Executive Directors, and a majority of whom are independent directors. John Martin is the chair of the Committee, who is an independent director and is not chair of the Board. The qualifications of the members of the ARC are set out in the Prospectus in Section 6.1. The ARC will report the number of times it met throughout each reporting period, and the individual attendances of the members at those meetings. A copy of the ARC's charter is on the Company's website.	✓
4.2	The Board will approve the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓
4.3	The Company will disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	✓
Principle 5 – Make timely and balanced disclosure		
5.1	The Board has established a written continuous disclosure policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting. The continuous disclosure policy is on the Company's website.	✓
5.2	The Company will ensure that its Board receives copies of all material market announcements promptly after they have been made.	✓
5.3	It is the intention of the Company that in the event that the Company gives a new and substantive investor or analyst presentation, the Company will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	✓
Principle 6 – Respect the rights of Shareholders		
6.1	The Company has established a website which provides information about the Company, Directors and executives, key governance policies and other information relevant to its investors. The website will be a key communication tool between the Company and the Shareholders.	✓
6.2	The Company has an investor relations program that facilitates effective two-way communication with investors.	✓

6.3	The Board has adopted a Disclosure and Communication Policy and will provide Shareholders with the opportunity to have their questions answered at general meetings, and as the Board considers appropriate through technology. A copy of the Disclosure and Communication Policy is on the Company's website.	✓
6.4	The Company will ensure that all substantive resolutions (as opposed to procedural resolutions) at Shareholder meetings are decided by a poll rather than by a show of hands.	✓
6.5	All Shareholders will be able to communicate with the Company and its share registry electronically, which is an encouraged method of communication.	✓
Principle 7 – Recognise and manage risk		
7.1	The Board has established a combined ARC as outlined in 4.1 above. The qualifications of the members of the ARC are set out in the Prospectus in Section 6.1. A copy of the ARC's charter is on the Company's website.	✓
7.2	The ARC will: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and b) disclose, in relation to each reporting period, whether such a review has taken place.	✓
7.3	The Company has various quality assurance functions throughout the business but not a dedicated internal audit function. It is the Board's intention that the ARC reviews the need for an internal audit function, the scope of any function should one be required and whether it will be insourced or outsourced. The outcome of the review will be reported in future annual reports.	✓
7.4	The Company does not have any material exposure to environmental or social risks.	✓
Principle 8 – Remunerate fairly and responsibly		
8.1	The Board has formed a combined RNC, as outlined in 2.1. A copy of the charter for the RNC is provided on the Company's website. The qualifications of the members of the RNC are set out in the Prospectus in Section 6.1. The RNC will report the number of times it met throughout each reporting period, and the individual attendances of the members at those meetings.	✓
8.2	The Company's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and the Key Management Personnel are disclosed at Sections 6.3.1 and 6.3.2 and will be disclosed annually in the Company's remuneration report.	✓
8.3	The Company's remuneration policies (rather than its securities trading policy) prohibits participants of any equity-based remuneration scheme entering into transactions which limits the economic risk of a participant.	✓

6.6 Related party interests

Other than as disclosed in this Prospectus, Ai-Media is not party to any material related party arrangements.

7. Details of the Offer



7.1 The Offer

The Offer contained in this Prospectus is an invitation to apply for 53.2 million Shares that will in part be New Shares issued by the Company and will in part be Existing Shares sold by SaleCo, each at an Offer Price of $1.23 per Share. The Offer is expected to raise approximately $65.5 million. All Shares will rank equally with each other.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.5.1.4.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of the:
  - Broker Firm Offer – which is open to Australian resident retail clients of participating Brokers, who have a registered address in Australia and who receive an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States (see Section 7.3);
  - Priority Offer – which is open to selected investors nominated by Ai-Media in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus (see Section 7.4);
  - Employee Gift Offer – whereby Eligible Employees received a guaranteed allocation of up to $1,000 worth of Shares at no cost (see Section 7.5); and
- the Institutional Offer – which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions around the world, made under this Prospectus (see Section 7.9).

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer was determined by agreement between the Joint Lead Managers and the Company. For further information regarding the allocation of Shares within each of the Broker Firm Offer, Priority Offer, Employee Gift Offer and the Institutional Offer, see Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2.

No general public offer of Shares will be made under the Offer.

7.1.2 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to:

- provide the Company access to capital markets which it expects will provide additional financial flexibility to pursue further growth opportunities, including, but not limited to, marketing, product development, operations and other growth opportunities;
- achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- allow some investors to realise part or all of their investment in the Company; and
- assist Ai-Media in attracting and retaining staff.

7. Details of the Offer

Table 7.1: Sources and uses of proceeds

Sources of funds	$m	%
Offer Proceeds	65.5	100%
Total sources of funds	**65.5**	**100%**

Uses of funds	$m
By SaleCo to pay the Existing Shareholders due to them for the sale of their Shares[1]	35.5
General working capital	5.5
Sales and marketing	5.0
Investment in ongoing Product Development and Platform Automation	5.0
Payment of ACS Vendor Loan	2.8
Terminating Employee Share Scheme	3.4
Costs relating to the Offer	5.8
Repayment of shareholder loans	2.5
Total uses of funds	**65.5**

The Board reserves the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

7.1.2.1 Potential effect of the fundraising on the future of Ai-Media

The Board believes that on Completion of the Offer, Ai-Media will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and carry out its stated business objectives (see Section 4.15).

Ai-Media's Statutory and Pro Forma Historical and Forecast Cash Flows, including the net cash flow before the impact of the Offer, are set out in Section 4.9. Ai-Media's Statutory and Pro Forma Historical Statements of Financial Position as at 31 December 2019, including details of the pro forma adjustments made to show the impact of the Offer, are set out in Section 4.13.

7.1.3 Shareholder structure

The details of the ownership of Shares as at the Prospectus Date and Completion of the Offer are set out in Table 7.2 below.

Table 7.2: Details of the Ownership of Shares

	Shares held at the Prospectus Date[1]		Shares held on Completion of the Offer	
Holder	Shares (m)	Shares (%)	Shares[4]	Shares (%)
Tony Abrahams (as a Director of Pearlirose Pty Limited)	27,919,089	23.3%	27,639,898	19.2%
Non-Executive Directors[2,3]	30,228,387	25.2%	22,208,701	15.4%
Other Existing Holders (excluding Tony Abrahams, Non-Executive Directors)	61,681,606	51.5%	41,884,526	29.0%
New Shareholders	–	–	52,486,201	36.4%
Total	**119,829,082**	**100.0%**	**144,219,326**	**100.0%**

1. On a fully diluted basis, including the number of Shares represented by employee options and Convertible Notes on a notional as-converted basis. Options and Convertible Notes will not be converted into Shares until shortly prior to settlement of the IPO. The closing out of certain employee options involves the payment of a salary bonus, on transfer of the option to SaleCo, which is applied in partial payment of an employee loan that funded the acquisition of the option.
2. Non-Executive Directors are Deanne Weir, Alison Loat, John Martin and Jonathan Pearce.
3. Includes 5,779,848 Shares controlled by the CVC Emerging Companies Fund which Jonathan Pearce is a director of.
4. Includes Shares to be subscribed for as part of the Offer by certain Directors and Key Management Personnel.

1) This includes an acquisition by SaleCo of options under Ai-Media's previous employee incentive plan and the exercise of those options for Shares.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.14.
What is the consideration payable for each Share being offered?	The Offer Price is $1.23 per Share.
What is the Offer period?	The key dates, including details of the Offer Period, are set out in the Key Dates on page 3 of this Prospectus. These key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company and the Joint Lead Managers reserve the right to amend any or all of the times and dates of the Offer without notice subject to the ASX Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion of the Offer, accepting late Applications either generally or in particular cases, allotting Shares at different times to investors, or to cancel or withdraw the Offer without prior notice. If the Offer is cancelled or withdrawn before the allocation and issue of Shares to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. No Shares will be issued on the basis of this Prospectus later than the Expiry Date. The quotation and commencement of trading of the Shares is subject to confirmation from ASX.
How much is to be raised under the Offer?	$65.5 million is expected to be raised under the Offer.
Is the Offer underwritten?	Yes, the Offer is fully underwritten.
Who is lead managing the Offer?	The Joint Lead Managers are Bell Potter Securities Limited and Morgans Corporate Limited.
What is the minimum and maximum Application size under the Broker Firm Offer?	The minimum Application under the: • Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Joint Lead Managers reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for; and • Priority Offer is $2,000 of Shares in aggregate. Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation. Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for up to $1,000 of Shares at no cost. For more information, see Sections 7.3.3, 7.4.3 and 7.5.3.

7. Details of the Offer

Topic	Summary
What is the allocation policy?	The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer will be determined by the Joint Lead Managers and the Company, having regard to the allocation policies outlined in Sections 7.3.5, 7.4.5, 7.5.5 and 7.9.2. In respect of the Broker Firm Offer, it is a matter for each Broker to determine how they will allocate Shares among their eligible retail clients. The final allocation of Shares under the Priority Offer will be determined by the Company, in consultation with the Joint Lead Managers, subject to the minimum allocation for Applicants under the Priority Offer. With respect to the Employee Gift Offer, all Eligible Employees will be offered the opportunity to apply for up to $1,000 of Shares at no cost. The allocation of Shares under the Employee Gift Offer is guaranteed to Eligible Employees. The Employee Gift Offer is not available outside Australia, unless the Company determines otherwise, but employees in ineligible jurisdictions will be offered a $1,000 cash IPO bonus.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 10 September 2020.
Will the Shares be quoted?	The Company will apply to ASX within seven days of the Prospectus Date for its admission to the Official List, and quotation of Shares by, ASX under the code 'AIM'. Completion of the Offer is conditional on the ASX approving this application. If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer may be withdrawn and all Application Monies received by the Company will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 15 September 2020. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Ai-Media IPO Offer Information Line, by a Broker or otherwise.
Are there any escrow arrangements?	Yes. Details are provided in Section 9.6.
Has an ASIC relief or ASX waiver been obtained or been relied on?	Yes. Details are provided in Section 9.7.
Are there any tax considerations?	Refer to Section 9.9.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 9.5.1.1 for details of various fees payable by the Company to the Joint Lead Managers.

Topic	Summary
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to Ai-Media IPO Information Line on 1300 344 979 within Australia and +61 3 9415 4082 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should consult with your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.ai-media.tv. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on 17 August 2020 and is expected to close at 5:00pm (Sydney time) on 3 September 2020. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

7.3.3 Is there a minimum or maximum Application size?

The minimum Application size under the Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Joint Lead Managers reserve the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

7.3.4 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by your Broker.

7.3.5 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Joint Lead Managers, in agreement with the Company, in their absolute discretion. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.3.6 Application acceptance and Application Monies

Applicants in the Broker Firm Offer will be able to call the Ai-Media IPO Offer Information Line on 1300 344 979 (within Australia) or +61 3 9415 4082 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Ai-Media IPO Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

7.4 Priority Offer

7.4.1 Who can apply

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer may include Directors and certain employees of Ai-Media in eligible jurisdictions. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States.

Your personalised invitation will indicate an amount of Shares that you may apply for.

7.4.2 How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5.00pm (Sydney time) on 3 September 2020 and it is your responsibility to ensure that this occurs.

7.4.3 Is there a minimum or maximum Application size?

Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares in aggregate. Your personalised invitation will indicate the maximum amount of Shares that you may apply for.

7.4.4 How to pay

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via BPAY® must be received by the Share Registry by no later than 5.00pm (Sydney time) on 3 September 2020 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

7.4.5 What is the Priority Offer allocation policy?

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company, in consultation with the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.4.6 How do I confirm my allocation?

Applicants in the Priority Offer will be able to call the Ai-Media IPO Offer Information Line on 1300 344 979 (within Australia) or +61 3 9415 4082 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Ai-Media IPO Offer Information Line.

7.4.7 Holding lock on shares held by employees and Directors

If a Director or employee receives Shares in the Priority Offer, they may be required to hold all or some of those Shares subject to a holding lock (voluntary escrow), for a period of time after Completion of the Offer, as indicated in their offer letter and set out in Section 9.6.

7.5 Employee Gift Offer

7.5.1 Who can apply?

All Eligible Employees in Australia (or other jurisdictions, if permitted by the Company) are entitled to participate in the Employee Gift Offer. Employees in ineligible jurisdictions, and certain eligible freelancers, may not participate but will receive a $1,000 IPO Bonus in lieu of participation.

7.5.2 How to apply

If you are an Eligible Employee, you should have received a separate invitation letter detailing the terms of the Employee Gift Offer.

A copy of this Prospectus is available at www.ai-media.tv.

Eligible Employees should read the separate invitation letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Employee Gift Offer, you must complete the online Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

When applying to participate in the Employee Gift Offer, you must do so by no later than 5.00pm (Sydney time) on 3 September and it is your responsibility to ensure that this occurs.

7.5.3 Is there a minimum or maximum Application size?

See Section 7.5.5 for more information.

7.5.4 How to pay

No payment for Shares is required for the Employee Gift Offer.

7.5.5 Employee Gift Offer allocation policy

All Eligible Employees in Australia (and any other jurisdictions permitted by the Company) will be offered the opportunity to apply for a guaranteed allocation of up to $1,000 worth of Shares (rounded to the nearest whole Share based on the Offer Price).

7.5.6 How do I confirm my allocation?

Applicants in the Employee Gift Offer will be able to call the Ai-Media IPO Offer Information Line on 1300 344 979 (within Australia) or +61 3 9415 4082 (outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to confirm their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Ai-Media IPO Offer Information Line.

7.5.7 Mandatory holding lock on allocations

Employee Gift Offer Shares will be subject to a holding lock for a three year holding period (unless the Eligible Employee terminates their employment earlier in which case the Employee Gift Offer Shares will be released). Once the holding period ends or the Employee Gift Offer Shares are released, Eligible Employees will, subject to the requirements of the Company's Securities Trading Policy, be free to deal with the Shares. Employee Gift Offer Shares are not subject to forfeiture.

7.6 Acceptance of Applications under the Retail Offer

An Application in the Broker Firm Offer, Priority Offer or Employee Gift Offer is an offer by you to the Company to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form[2]. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form (or the dollar value equivalent) without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

7.7 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer or the Priority Offer will be held in a special purpose account until Shares are issued to Successful Applicants. Applicants under the Broker Firm Offer and Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.8 Electronic payments and communications

Any Application will be required to provide sufficient details for electronic payments (including for any refunds, corporate actions, dividends or otherwise, for so long as a person is an Applicant or Shareholder) and electronic or email communications. Shareholders are required to keep such details up to date.

7.9 Institutional Offer

7.9.1 Invitations to Bid

Under the Institutional Offer, Institutional Investors in Australia, New Zealand and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

2) No amount is payable in respect of the Employee Gift Offer.

7.9.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Managers by agreement with the Company.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion of the Offer;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Broker Firm Offer, Employee Gift Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- other factors that the Company and the Joint Lead Managers considered appropriate.

7.10 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- agreed and acknowledged that the Company may only make any payments electronically (and has no obligation to make any payment by any other method) and that any payments may be delayed or not made if current electronic payment details have not been supplied by the Applicant(s) or Shareholder(s) at the relevant time;
- agreed and acknowledged that, to the maximum extent permitted by law from time to time (and subject to any legal requirement to make a paper copy document available upon request), the Company may only provide notices, reports and communications to Applicant(s) and Shareholders(s) in electronic form or by email, and has a discretion to hold any general or class meeting on a virtual platform;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s), and has not had regard to the particular investment objectives, financial situation or needs of the Applicant(s);
- declared that, where the relevant Offer category has eligibility criteria, the Applicant(s) meet those eligibility criteria;
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer and Priority Offer), or otherwise satisfies the requirements in Section 9.10;
- acknowledged and agreed that the Offer may be withdrawn by the Company and or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer, the Priority Offer, Employee Gift Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws in accordance with the US Securities Act registration requirements or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.11 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside of Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered, sold, re-sold, pledged or transferred in the United States except in accordance with US Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable state securities law.

Each Applicant under the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and applicable US state securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each Applicant under the Institutional Offer will be required (and certain Applicants under the Priority Offer or Employee Gift Offer may be required) to make certain representations, warranties and covenants set out in the confirmation of allocation letter, or Offer letter (as the case may be), distributed to it.

See Section 9.10 for further details regarding foreign selling restrictions.

7.12 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.13 ASX listing, registers and holding statements

7.13.1 Application to the ASX for listing of the Company and quotation of Shares

The Company will apply within seven days of the Prospectus Date for admission to the Official List and quotation of the Shares on the ASX. The Company's expected ASX code will be 'AIM'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.13.2 CHESS and issuer sponsored holdings

The Company has applied, or will apply prior to Listing, to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.14 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.14.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

7.14.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder and Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Share held.

If the votes are equal on a proposed resolution, the chairperson of the meeting is not entitled to a casting vote in addition to any votes to which the chairperson is entitled as a Shareholder or proxy or attorney or representative.

The Company's Constitution permits direct voting which includes a vote delivered to the Company by post, fax or other electronic means approved by Directors.

7.14.3 Meetings of Shareholders and Shareholders

Each Shareholder and Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders and Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The Company must give Shareholders and Shareholders at least 28 days' written notice of a general meeting.

The Company's Constitution permits virtual or hybrid meetings (where permitted by law).

7.14.4 Dividends

The Board may pay dividends that, in its judgment, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share, and fix a record date for a dividend and the timing and method of payment of any dividend.

Different methods of payment may apply to different Shareholders or groups of Shareholders (such as overseas Shareholders), including by direct credit, or such electronic or other means approved by the Directors. Payment of (and entitlement to receive) dividends by electronic transfer will be subject to Shareholders having provided to the Company and maintained current bank account details, or other details appropriate to permit electronic payments, at any relevant time.

For further information in respect of the Company's proposed dividend policy, see Section 4.20.

7.14.5 Transfer of Shares

Subject to the ASX Listing Rules and any voluntary escrow arrangements, the Shares are freely transferable.

The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Constitution, the Corporations Act or the ASX Listing Rules.

7.14.6 Issue of further Shares

Subject to the Corporations Act and the ASX Listing Rules, the Board has full discretion to issue new Shares and grant options over unissued Shares. The Constitution permits the issue of preference shares.

7.14.7 Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of Shareholders:

- divide among the Shareholders the whole or any part of the Company's property;
- decide how the division is to be carried out as between the Shareholders or different classes of Shareholders; and/or
- vest any part of the assets of the Company in trustees on any trusts for the benefit of all or any of the contributories as the liquidator thinks fit.

7.14.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Board may sell the Shares of a Shareholder who holds less than a marketable parcel by following the procedures set out in the Constitution.

7.14.9 Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy back Shares on terms and at times determined by the Board.

7.14.10 Variation of class rights

At present, the Company's only class of Shares on issue is Shares. The rights attached to any class of Shares may be varied in accordance procedures set out in the Constitution, which requires the written consent (including in an electronic communication) of the holders of 75% of the Shares of the class or by a special resolution passed at a separate meeting of the holders of Shares of the class. The Company's Constitution permits virtual or hybrid class meetings (where permitted by law).

7.14.11 Proportional takeover provisions

The Company's Constitution contains proportional takeover provision.

7.14.12 Dividend reinvestment plan

Subject to the ASX Listing Rules, the Constitution authorises the Directors, on any terms and at their discretion, to establish a dividend reinvestment plan (under which any Shareholder or class of Shareholders may elect that the dividends payable by the Company be reinvested by a subscription for new Shares).

7.14.13 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than seven unless the Company resolves otherwise at general meeting. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) holds office without re-election beyond the third annual general meeting or three years following the meeting at which the Director was last elected (whichever is longer). The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

7.14.14 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. The chairperson does not have a second or casting vote.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or consent to the resolution.

7.14.15 Directors – remuneration

The Directors are entitled to be remunerated for an amount determined by the Directors, who will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. Directors may also receive additional fees acting as an officer of the Company or of a related body corporate in a capacity other than Director.

Under the Constitution, Directors may also be paid all travelling, accommodation and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Directors' remuneration is discussed further at Section 6.3.

7.14.16 Powers and duties of Directors

The business and affairs of the Company to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and are not required by law or the Constitution to be done by the Company in general meeting.

7.14.17 Indemnities

The Company may indemnify each officer of the Company to the full extent permitted by law against all losses or liabilities incurred by that person as an officer of the Company or its related bodies corporate, including, but not limited to, legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the officer becomes involved because of that capacity and legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer, if that expenditure has been approved by the Company.

The Company, may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer of the Company or its related bodies corporate, including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal.

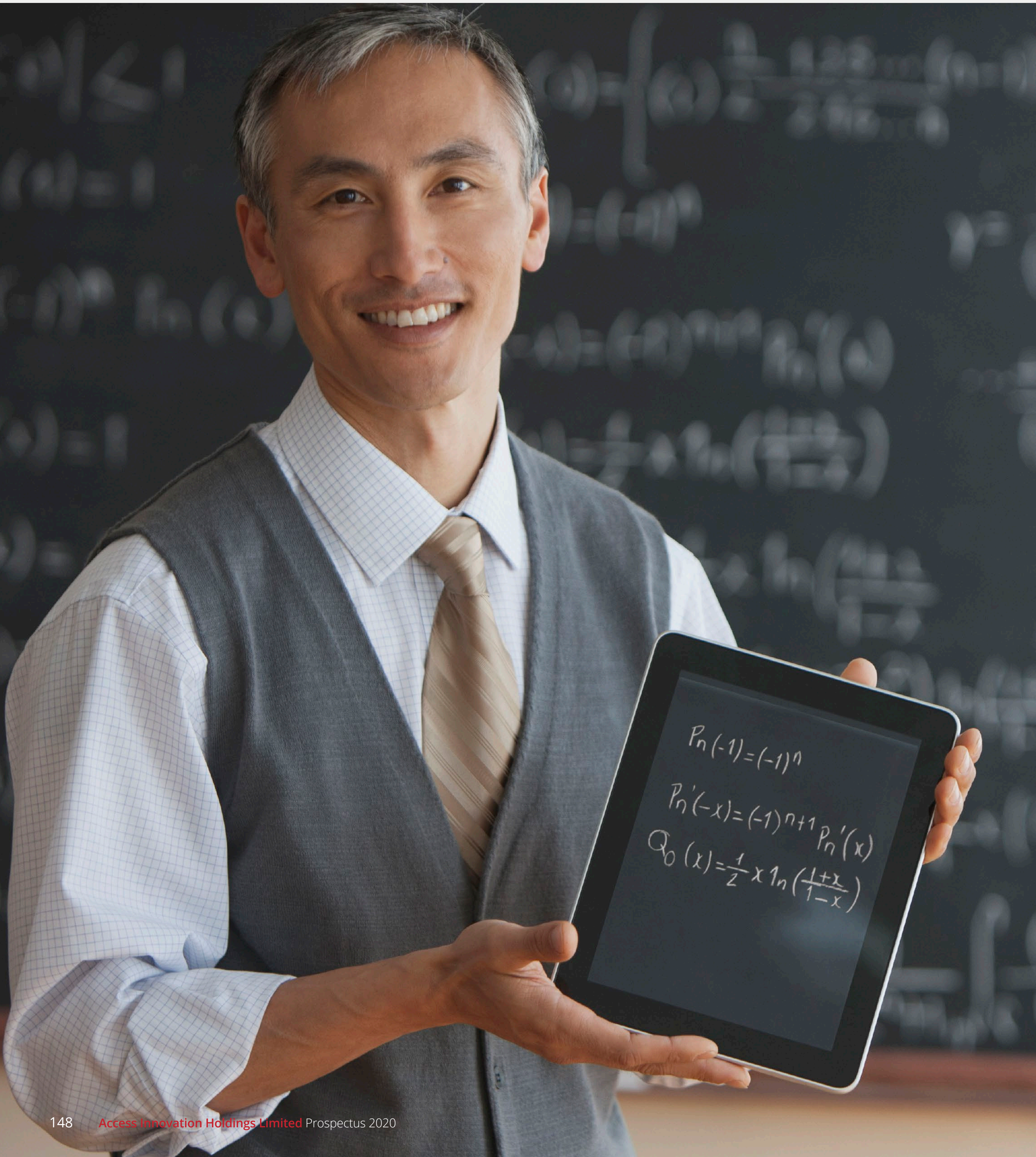
7.14.18 Notices and electronic communications

To the maximum extent permitted by law from time to time (and subject to any legal requirement to make a paper copy document available upon request), the Company is permitted to only provide notices and communications to Applicant(s) and Shareholders(s) in electronic form or by email, and may sign documents electronically (or using any electronic platform) and may accept electronically signed documents (including by use of any electronic platform).

7.14.19 Amendment

The Constitution can only be amended by special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution at a general meeting of the Company.

8. Investigating Accountant's Report



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Deloitte Corporate Finance Pty Limited
ACN 003 833 127
AFSL 241457

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Directors
Access Innovation Holdings Limited
Level 6, 277 William Street
Melbourne
VIC 3000

The Directors
Ai-Media SaleCo Limited
Level 6, 277 William Street
Melbourne
VIC 3000

10 August 2020

Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Access Innovation Holdings Limited (ACN 122 058 708) (the Company or Ai-Media) and Ai-Media SaleCo Limited (ACN 643 045 961) (SaleCo) for inclusion in a Prospectus to be issued by the Company and SaleCo in respect of the initial public offering of fully paid ordinary shares in the Company by way of issue by the Company and transfer by SaleCo (the Offer) and the Company's subsequent listing on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the Company, capitalised terms and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Statutory Historical Financial Information
Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the statutory historical financial information of the Company, being:

- the statutory historical consolidated income statements for the financial years ended 30 June 2018 and 30 June 2019;
- the statutory historical consolidated statement of financial position as at 31 December 2019;
- the statutory historical consolidated cash flows for the financial years ended 30 June 2018 and 30 June 2019; and
- the historical consolidated income statements and the historical consolidated cash flows for the half-years ended 31 December 2018 and 31 December 2019,

as set out in Tables 4.2, 4.20, 4.16, 4.14 and 4.17 respectively of the Prospectus (together the Statutory Historical Financial Information).

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The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information for FY18 and FY19 has been extracted from the consolidated special purpose financial statements and consolidated general purpose (reduced disclosure requirements) financial statements of the Company for FY18 and FY19 respectively. The consolidated financial statements for FY18 and FY19 were audited by Deloitte Touche Tohmatsu (Deloitte) in accordance with the Australian Auditing Standards. The financial statements for FY19 were reissued to reflect a revised treatment of the calculation of the expense related to the employee share plan. Deloitte issued an unmodified audit opinion on each set of consolidated financial statements.

The financial information for the half-year ended 31 December 2019 has been extracted from the interim financial report of the Company, which was reviewed by Deloitte in accordance with the Australian Auditing Standards. The review report issued to the members of the Company on the interim financial report was unmodified.

The audit report on the FY19 consolidated financial statements and the review report on the interim financial report for the half-year ended 31 December 2019 each include a material uncertainty paragraph in relation to the adoption of the going concern basis, which highlights the expectation of the Directors that Ai-Media successfully executes this Offer.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the pro forma historical financial information of the Company, being:

- the pro forma historical consolidated income statements for the financial years ended 30 June 2018 and 30 June 2019, and the half-years ended 31 December 2018 and 31 December 2019;
- the pro forma historical consolidated statement of financial position as at 31 December 2019; and
- the pro forma historical consolidated cash flows for the financial years ended 30 June 2018 and 30 June 2019, and the half-years ended 31 December 2018 and 31 December 2019,

as set out in Tables 4.2, 4.3, 4.20, 4.15 and 4.17 respectively of the Prospectus (the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Sections 4.5, 4.6, 4.11, 4.12 and 4.13 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the forecast financial information of the Company, being:

- the statutory forecast consolidated income statements and the statutory forecast consolidated cash flows for the financial years ending 30 June 2020 and 30 June 2021, as set out in Tables 4.2 and 4.15 respectively of the Prospectus (the Statutory Forecast Financial Information). The Directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.17.1 and 4.17.2 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and

- the pro forma forecast consolidated income statements and the pro forma forecast cash flows for the financial years ending 30 June 2020 and 30 June 2021, as set out in Tables 4.2 and 4.15 respectively of the Prospectus (the Pro Forma Forecast Financial Information). The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro Forma Adjustments described in Sections 4.5 and 4.11 respectively of the Prospectus.

The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred prior to 1 July 2019.

Due to its nature the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/or cash flows for the financial years ending 30 June 2020 and 30 June 2021.

The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information comprise the Forecast Financial Information.

The Forecast Financial Information has been prepared by management of the Company and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial years ending 30 June 2020 and 30 June 2021. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management of the Company expect to occur and actions that management of the Company expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. We do not express any opinion on the achievability of the Forecast Financial Information. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Sections 5 and 4.19 of the Prospectus.

The sensitivity analysis set out in Section 4.19 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

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We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors of the Company are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best-estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro Forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro Forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Statutory Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction of the Statutory Historical Financial Information from the audited financial statements of the Company for the financial years ended 30 June 2018 and 30 June 2019 and the reviewed interim financial report of the Company for the half-year ended 31 December 2019;
- analytical procedures on the Statutory Historical Financial Information;
- a review of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information for consistency of application over the period;
- a review of work papers, accounting records and other documents of the Company and the work papers of its auditors;
- a review of the application of Australian Accounting Standards; and
- enquiry of Directors, management and other relevant persons in relation to the Statutory Historical Financial Information.

Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents of the Company, including those dealing with the extraction of Statutory Historical Financial Information from the audited financial statements of the Company for the financial years ended 30 June 2018 and 30 June 2019 and the reviewed interim financial report of the Company for the half-year ended 31 December 2019;
- consideration of the appropriateness of the Pro Forma Adjustments described in Sections 4.5, 4.6, 4.11, 4.12 and 4.13 of the Prospectus;
- enquiry of Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and the work papers of its auditors; and
- a review of the accounting policies adopted and used by the Company over the period for consistency of application.

Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro Forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.2 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;

(ii) in all material respects, the Statutory Forecast Financial Information:

  a. is not prepared on the basis of the Directors' best-estimate assumptions as described in Sections 4.17.1 and 4.17.2 of the Prospectus,
  b. is not prepared in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and

(iii) the Statutory Forecast Financial Information itself is unreasonable.

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Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information;

(ii) in all material respects, the Pro Forma Forecast Financial Information:

a. is not prepared on the basis of the Directors' best-estimate assumptions as described in Sections 4.17.1 and 4.17.2 of the Prospectus;
b. is not prepared in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred as at 1 July 2019; and

(iii) the Pro Forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.1 and the 'Important Notices' pages of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED

David Hagger
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 461001

Deloitte.

March 2020

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited

9. Additional Information

9.1 Registration of the Company and SaleCo

The Company was incorporated in Australia on 5 October 2006 with ACN 122 058 708.

SaleCo was incorporated in Australia on 29 July 2020 with ACN 643 045 961, as a special purpose vehicle to facilitate the Offer. SaleCo has no other operations or activities. After Completion of the Offer, the Company anticipates that it will acquire SaleCo to hold within Ai-Media in due course.

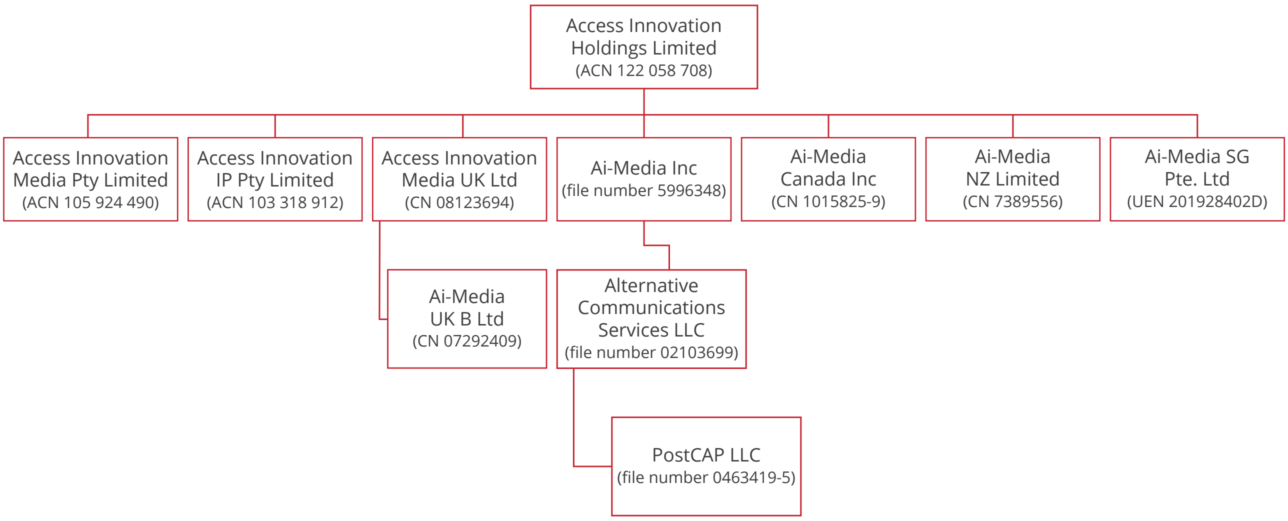
9.2 Company tax status and financial year

The Company has a balance date of 30 June. The Company is a tax resident in Australia and generally subject to Australia income tax at a rate of 30% (subject to the base rate entity rules which may give rise to a lower tax rate in respect of an income year).

9.3 Corporate structure

The following diagram shows a high level corporate structure of Ai-Media on Completion of the Offer.

Chart 9.1: Corporate structure[1]



Each of the wholly-owned or consolidated entities above undertakes the business of Ai-Media as set out in this Prospectus.

The nature and location of the activities of each of the Company's subsidiaries are as follows:

- **Access Innovation Media Pty Ltd**: Access Innovation Media Pty Ltd is a wholly owned Australian subsidiary of the Company. It is the primary Australian operating entity and is party to several material contracts.
- **Access Innovation IP Pty Limited**: Access Innovation IP Pty Limited is a wholly owned Australian subsidiary of the Company. Access Innovation IP Pty Limited holds intellectual property and is party to a number of licence agreements with the other Ai-Media entities.
- **Access Innovation Media UK Ltd**: Access Innovation Media UK Ltd is a wholly owned subsidiary of the Company, incorporated in the UK. Access Innovation Media UK Ltd was incorporated for the purpose of acquiring Ai-Media UK B Ltd.
- **Ai-Media UK B Ltd**: Ai-Media UK B Ltd is a wholly owned subsidiary of Access Innovation Media UK Ltd, incorporated in the UK. Access Innovation Media UK Ltd acquired Ai-Media UK B Ltd (formerly, 'Bee Communications Limited') in 2013. Ai-Media UK B Ltd is the main operating entity in the UK.
- **Ai-Media Inc**: Ai-Media Inc is a wholly owned subsidiary of the Company, incorporated in the State of Delaware. It is the primary operating entity in the US and was used to acquire ACS.

1) Ai-CAN is not wholly owned by the Company. The Company holds 49% of common (voting) shares with a call option over the balance and 100% of preference shares.

- **ACS**: ACS is a subsidiary of Ai-Media Inc. ACS was acquired by Ai-Media Inc in May 2020. ACS was incorporated on 5 February 2007 in Illinois. Ai-Media Inc owns 100% of the membership interest in ACS. For further details on ACS, see Section 3.3 above.
- **PostCAP LLC**: PostCAP LLC is a subsidiary of ACS. PostCAP LLC was acquired by Ai-Media as part of the ACS acquisition. PostCAP, LLC is in the business of providing captioning, translation and post-production services. PostCAP LLC was incorporated on 9 January 2014 in Illinois and ACS owns 100% of the membership interest in PostCAP LLC.
- **Ai-Media Canada Inc**: Ai-Media Canada Inc (**Ai-CAN**) was a wholly owned subsidiary of the Company until June 2020, when its share capital was restructured in order to meet certain supplier diversity certification requirements Canada's LGBT+ Chamber of Commerce (see Section 9.4.2 below). Ai-CAN was incorporated in Canada and is the operating entity in Canada.
- **Ai-Media NZ Limited**: Ai-Media NZ Limited is a wholly owned subsidiary of the Company, registered in New Zealand. The intention is for Ai-Media NZ Limited to be the operating entity in New Zealand once contracts are established.
- **Ai-Media SG Pte. Ltd**: Ai-Media SG Pte. Ltd is a wholly owned subsidiary of the Company, registered in Singapore. Ai-Media SG Pte. Ltd is the operating entity in Singapore.

SaleCo is a separate entity, owned as set out in Section 9.4. The Board of SaleCo comprises John Martin, Jonathan Pearce and Alison Loat.

9.4 Capital Structure

9.4.1 Issued capital in the Company and SaleCo

The Company's issued capital is as set out in Section 7.1.3. The Company owns 100% of the issued ordinary or common shares in each of its subsidiaries other than Ai-CAN. SaleCo has 1 ordinary share held by Ishan Karunanayake.

9.4.2 Restructure of Ai-CAN

In June 2020, the share capital of Ai-CAN was restructured such that the Company owns 100% of the dividend-bearing, redeemable convertible preference shares in Ai-CAN, holds 49% of the common shares in Ai-CAN and holds a call option over the remaining 51% of the common shares in Ai-CAN (granted by Tony Abrahams). Tony Abrahams holds 51% of the common shares in Ai-CAN, subject to transfer restrictions and the call option. A shareholders agreement is in place between the Company, Ai-CAN and Tony Abrahams, which has controls typical of a joint venture.

9.5 Material contracts

Descriptions of contracts set out in this Prospectus are included for the information of potential investors, but do not purport to be complete or exhaustive summaries and are guided by the text of the contracts themselves.

9.5.1 Underwriting Agreement

The Offer has been underwritten by the Joint Lead Managers pursuant to an underwriting agreement between the Company, SaleCo and the Joint Lead Managers (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to manage and underwrite the Offer.

For the purposes of this Section 9.5.1, "Offer Documents" means the following documents issued or published by or on behalf of the Company and SaleCo and with the authorisation of the Company and SaleCo in respect of, the Offer:

- the draft prospectus prepared in connection with the Offer (**Pathfinder**);
- the Prospectus;
- the application forms lodged with the Company or SaleCo or the Registry by applicants for Offer;
- the confirmation letters sent by the Joint Lead Managers to investors under the Institutional Offer;
- any cover email sent by or on behalf of the Company and/or SaleCo to eligible institutional investors in connection with the Institutional Offer and Bookbuild; and
- the roadshow presentation materials or other information provided to prospective investors approved by the Company and SaleCo to conduct the marketing of the Offer,

including any supplementary prospectus or other amendments, supplements, replacements or updates to any of the above.

9.5.1.1 Fees

The Company has agreed to pay the Joint Lead Managers a management fee of 1.00% of the Offer proceeds, an underwriting fee of 3.25% of the Offer proceeds and an underwriting fee of 2.00% of the Priority Offer proceeds (where the Priority Offer proceeds are capped at $2,000,000 if they are actually higher). The underwriting and management fees will become payable by the Company on the date of settlement of the Offer and will be paid to the Joint Lead Managers in equal proportions. In addition to the fees described above, the Company has agreed to reimburse the Joint Lead Managers for certain other agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

9.5.1.2 Representations, warranties and undertakings

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers (as well as common conditions precedent, including conducting due diligence, lodgement of this Prospectus, the entry into voluntary escrow deeds by the Escrowed Shareholders, and ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company and SaleCo include, but are not limited to, matters such as power and authorisation, validity of obligations, accuracy of information, financial information, disclosure in this Prospectus and other public information and compliance with laws, ASX Listing Rules and other legally binding requirements. The Company and SaleCo also provide additional representations and warranties in connection with matters including, but not limited to, their assets, closing certificates, the Shares, encumbrances, future matters, material contracts, litigation, non-disposal of Escrowed Shares, tax, insurance, authorisations, eligibility for Listing and internal accounting controls.

The Company's undertakings include that each will not:

- during the period following the date of the Underwriting Agreement until 90 days after Shares have been issued under the Offer, carry on its business in the ordinary course and not dispose of or charge, or agree to dispose of or charge, the whole or any material part of its business or enter into any agreement or commitment which is material in the context of the Offer, the Company, SaleCo or the Company's business (taken as whole) without the prior written consent of the Joint Lead Managers, which consent shall not be unreasonably withheld; and
- during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer issue or agree to issue or issue any equity securities (as defined in the Listing Rules) or any securities that are convertible or exchangeable into such equity securities, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), other than an issue of securities by the Company pursuant to an employee security plan disclosed in the Offer Documents.

Further, from the date of the Underwriting Agreement and before the day on which Shares are issued under the Offer, the Company undertakes not to alter, agree to alter or propose an alteration to its capital structure (whether debt or equity), except with the prior consent of the Joint Lead Managers (which will not be unreasonably withheld or delayed) or as described in the Prospectus.

9.5.1.3 Indemnity

Subject to certain exclusions relating to, among other things, fraud, recklessness, wilful misconduct or gross negligence of an indemnified party, the Company and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses incurred in connection with the Offer.

9.5.1.4 Termination events

A Joint Lead Manager may terminate the Underwriting Agreement at any time prior to the end of the settlement of the Offer, by notice given to the Company, SaleCo and the other Joint Lead Manager, and without any cost or liability to that Joint Lead Manager, if any of the following events occur:

- a Joint Lead Manager forms the view (acting reasonably) that a statement contained in the Offer Documents is or becomes misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from the Offer Documents (having regard to sections 710, 711 and 716 of the Corporations Act) or if any statement in the Offer Documents becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Documents becomes misleading or deceptive or likely to mislead or deceive;

- a person gives a notice to the Company under section 730 of the Corporations Act;
- there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Joint Lead Managers for any statement or estimate in the Offer Documents, which relate to a future matter;
- the S&P/ASX 300 Index published by ASX is at any time more than 10% below its level as at 5:00pm on the business day immediately preceding the date of this document and is at or below that level at the close of trading for two consecutive Business Days or on the Business Day immediately prior to the settlement of the Offer;
- any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of Ai-Media from those disclosed in the Prospectus, including:
  - any material adverse change in the reported earnings or future prospects of Ai-Media; or
  - any material adverse change in the nature of the business conducted by Ai-Media; or
  - the insolvency or voluntary winding up of the Company or any of its controlled entities or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
  - any material adverse change to the rights and benefits attaching to shares; or
  - any event that is likely to cause a material adverse change;
- either the Company or SaleCo withdraws the Prospectus or terminates the Offer, or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- the Company or SaleCo does not provide a closing certificate in the manner required or a statement in that closing certificate is untrue in any material respect, incorrect or misleading or deceptive;
- the Company or any of its controlled entities is or becomes insolvent, or an act occurs, or an omission is made which may result in the Company or any of its controlled entities becoming insolvent;
- any of the following occurs in relation to the Offer:
  - ASIC makes an order or interim order, or gives written notice of an intention to make an order or interim order under section 739 or section 1324B of the Corporations Act concerning the Prospectus;
  - ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any Offer Document or gives written notice of an intention to make such an application or order; or
  - ASIC prosecutes or gives written notice of an intention to prosecute or commences proceedings or gives notice of an intention to commence proceedings against, the Company or SaleCo or any of their respective directors in relation to the Offer or any Offer Document.
- ASIC makes an interim order (other than an interim order that does not become public and is dismissed or withdrawn by ASIC within 2 business days) or final stop order in relation to the Prospectus under section 739 of the Corporations Act or holds a hearing (other than a hearing which does not become public and is dismissed or withdrawn by ASIC within 2 business days) under section 739 of the Corporations Act in relation to the Prospectus or makes an application under section 1324 or 1324B of the Corporations Act;
- any person (other than the Joint Lead Managers) whose consent to the issue of the Prospectus or any supplementary prospectus is required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary prospectus withdraws such consent;
- the Company lodges a supplementary prospectus without the consent of the Joint Lead Managers or fails to lodge a supplementary prospectus in a form acceptable to a Joint Lead Manager or, in a Joint Lead Manager's opinion, becomes required to lodge a supplementary prospectus because of a circumstance set out in section 719(1) of the Corporations Act;
- any of the following occur:
  - any of Deanne Weir, John Martin, Jonathan Pearce or Alison Loat ceases to be a Director of the Company; or
  - Tony Abrahams ceases to be the Chief Executive Officer of the Company; or
  - Patrick Fok ceases to be Chief Financial Officer of the Company; or
  - Philip Hyssong ceases to be Chief Customer Officer;
  - or any such changes are announced, without the written consent of the Joint Lead Manager;

- any information supplied by or on behalf of the Company or SaleCo to a Joint Lead Manager in relation to Ai-Media or the Offer as part of the due diligence process becomes misleading or deceptive in a material respect;
- any of the material contracts are terminated or rescinded or are void or voidable;
- any of the ASX waivers and ASIC relief obtained in satisfaction of the conditions precedent are withdrawn, revoked, qualified, amended or withheld without the prior written approval of a Joint Lead Manager (or ASX or ASIC);
- if reasonable grounds exist for a Joint Lead Manager to believe that any ASX conditions to official quotation of the Shares will not be completed, fulfilled or waived by ASX so as to result in the Shares not being granted official quotation by the quotation approval date set out in the timetable;
- the Company:
  - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
  - ceases or threatens to cease to carry on business;
  - alters its capital structure, other than as contemplated in the Prospectus; or
  - amends its Constitution or any other constituent document;
- a Director or a senior member of management of the Company or SaleCo engages in any fraudulent conduct or activity;
- the Company and SaleCo are or will be prevented from conducting or completing the Offer (including issuing the Shares) by or in accordance with the Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise are or will become unable or unwilling to do any of these things;
- an event specified in the timetable is delayed for more than 2 business day without the prior written approval of the Joint Lead Managers;
- an agreement between a selling Shareholder and SaleCo is varied, terminated, or rescinded (without the consent of the Joint Lead Managers) or breached; or
- a voluntary escrow deed is withdrawn, varied, terminated, rescinded, altered or amended or breached.

9.5.1.5 Termination events subject to materiality

A Joint Lead Manager may terminate the Underwriting Agreement at any time prior to the end of the settlement of the Offer, by notice given to the Company, SaleCo and the other Joint Lead Manager, and without any cost or liability to that Joint Lead Manager, if any of the following termination events occur:

- a Joint Lead Manager forms the view (acting reasonably) that a statement contained in the Offer Documents (other than the Prospectus) is or becomes misleading or deceptive or likely to mislead or deceive;
- any material contract is varied, altered or amended without the prior written consent of the Joint Lead Managers or it is breached;
- a person charges or encumbers or agrees to charge or encumber, the whole, or a substantial part of the business or property of the Company, SaleCo or Ai-Media;
- there occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of applications under the Offer or materially affects the financial position of the Company or has a material adverse effect on the success of the Offer:
  - the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
  - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
  - the adoption by ASX or their respective delegates of any regulations or policy;
- any of the following occurs:
  - there is an outbreak of hostilities (being a declaration of war or significant escalation of armed conflict outside borders) not presently existing, or a major escalation in existing hostilities occurs;

  - a national emergency is declared, other than with respect to COVID-19;
  - a terrorist act is perpetrated; or
  - a pandemic, epidemic or large-scale outbreak of a disease (including without limitation severe acute respiratory syndrome (**SARS**), swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or escalates,

involving any one or more of Australia, Canada, a member of the EU, Singapore, the People's Republic of China, the United Kingdom or the United States;

- any of the following occurs:
  - legal proceedings are commenced against the Company or SaleCo; or
  - any Director or any member of senior management is charged with a criminal offence relating to any financial or corporate matter;
  - any government agency commences any public action against the Company or any of its controlled entities or any Directors or members of senior management or announces that it intends to take any such action; or
  - any Director or member of senior management is disqualified from managing a corporation under the Corporations Act;
- a contravention by the Company of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- the Prospectus, an Offer Document or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- the Company issues a public statement concerning the Offer which has not been approved by a Joint Lead Manager; or
- the Company or SaleCo breaches any of its undertakings or obligations under the Underwriting Agreement; or
- any representation or warranty contained in this document on the part of the Company or SaleCo is breached or becomes false, misleading or incorrect (except in respect of the Pathfinder where the Pathfinder contains a statement that is not true or correct and this is rectified, with the prior written consent of the Joint Lead Managers, in the Prospectus); or
- any of the following occurs:
  - any adverse change or disruption to the existing political conditions or financial markets of Australia, the United Kingdom, the United States, Singapore, Hong Kong or the international financial markets or any adverse change occurs in international political, financial or economic conditions;
  - a general moratorium on commercial banking activities in Australia the United States, the United Kingdom, Hong Kong or Singapore, is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading in securities generally has been suspended or materially limited for at least one trading day, by any of the ASX, the London Stock Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange;

and in the reasonable opinion of the Joint Lead Managers the above termination event has had or could be expected to have, individually or in aggregate with a separate termination event, a material adverse effect on: the financial condition, financial position or financial prospects of the Company, or the success or outcome of the Offer; the ability of the Joint Lead Managers to settle the Offers or the potential market price of the Shares, or there is a reasonable possibility that the Joint Lead Managers will contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the termination event.

9.5.2 Implementation Deed

On 30 July 2020, the Company and SaleCo entered into an Implementation Deed in connection with the transfer of Existing Shares in the Company and certain other matters described below. The Existing Shareholders have signed corresponding deed polls pursuant to which they accede to and irrevocably undertake to comply with the terms of the Implementation Deed.

In summary, the Implementation Deed provides for:

- the provision by the Company of, and reliance on, information to, and access to personnel by, SaleCo and its Directors, funding support by the Company for costs of SaleCo and broad indemnification by the Company of SaleCo and its Directors;
- restraints on dealings in all Shares by Existing Shareholders (in favour of the Company and SaleCo), other than the transfer of Shares to SaleCo or the execution of escrow agreements, prior to the Completion of the Offer;
- the termination of the Existing Shareholder and subscriptions agreements relating to the Company on Completion of the Offer, and waiver of procedural matters and the making of technical amendments to shareholder and subscriptions agreements, convertible note terms, and employee option terms;
- amendment of the Company's Constitution, in readiness for listing;
- procedural steps to facilitate the IPO, sell-down of Shares by Existing Shareholders and agreement to escrow of any residual Shares of Existing Shareholders;
- certain shareholder resolutions to be passed by the Existing Shareholders to facilitate the above transactions and the Offer;
- certain warranties and acknowledgements by the Company, and each Existing Shareholder to facilitate the above transactions; and
- a requirement to seek to unwind certain of the above steps in the event the Offer does not take place and any of the above steps are completed.

Transfers under the Implementation Deed are subject to conditions precedent to settlement being satisfied or waived under the Underwriting Agreement, and a transfer acceptance notice being given by SaleCo.

9.5.3 Key Contracts

Ai-Media's key customers are Nine Network Australia Pty Limited (ABN 88 008 685 407), Seven Network (Operations) Limited (ABN 65 052 845 262), Foxtel Management Pty Limited (ABN 65 068 671 938) on behalf of the Foxtel Partnership, Australian News Channel Pty Limited (ACN 068 954 478) and Microsoft Corporation.

Ai-Media's contracts with these customers are material and consist of the Key Live Enterprise Contract, the Key Live Broadcast Contract, the Key Recorded Contract and the two Key Live Broadcast and Key Recorded Contracts. Ai-Media provides a broad range of captioning services under these contracts.

9.5.3.1 Key Live Enterprise Contract

The contractual arrangement under the Key Live Enterprise Contract is governed by ACS' standard terms and conditions and is substantially consistent with the description below. Over time it is envisaged that ACS' customers will be brought across to Ai-Media's standard contract terms for the relevant services.

Under ACS' standard terms and conditions, the revenue derived from the Key Live Enterprise Contract is based on scheduled time. If an event uses less than the scheduled time, the full amount of time will be billed. If an event goes over the scheduled amount of time, Ai-Media will make every effort possible to continue providing service. Ai-Media has the ability to charge additional fees depending on the type of service provided and for late or last-minute scheduling. The customer can cancel services under the Key Live Enterprise Contract by issuing a cancellation notice within:

- One business day for remote captioning jobs; and
- Two business days for onsite captioning jobs and interpreting assignments.

9.5.3.2 Key Live Broadcast Contract, Key Recorded Contract and the Key Live Broadcast and Recorded Contracts

Under the Key Live Broadcast Contract, the Key Recorded Contract and the Key Live Broadcast and Recorded Contracts, the customers typically have a right to terminate the agreement if, among other things, Access Innovation Media Pty Limited commits a material breach of the contract and that breach is either not remedied within 30 days or the breach is not capable of remedy, Access Innovation Media Pty Limited does anything that materially damages, or is likely to materially damage the reputation or any brand of the customer, there is a change of control of Access Innovation Media Pty Limited to a competitor of the customer, if there is a regulatory change with the effect that the customer is no longer required to caption its programs or if the customer becomes able to provide the captioning services itself.

Access Innovation Media Pty Limited gives various representations and warranties under the Key Live Broadcast Contract, the Key Recorded Contract and the Key Live Broadcast and Recorded Contracts. These relate to (among others) the following:

- **Service levels:** the service levels will be fit for purpose, of acceptable quality, free from 'viruses' and will be performed in accordance with the service levels;
- **Industry best practice:** the services will be performed with due care and skill, in accordance with industry best practices, and to a standard which is equal to or better than that which would be provided by a leading organisation performing services similar to the services under the contract;
- **Licences and consents:** all necessary licences and consents will be held at all times; and
- **Intellectual property:** performance of the services and the customers use of the services will not infringe the intellectual property rights of any third party.

The contractual arrangements under the Key Live Broadcast Contract, the Key Recorded Contract and the two Key Live Broadcast and Recorded Contracts are substantially consistent with the description above.

9.5.4 Change of control provisions in contracts generally

A number of Ai-Media's contracts contain change of control provisions, including a number of real property leases and a number of other contracts with customers and service providers. This includes some of the Key Contracts described in Section 9.5.3.

Further, under the Key Live Broadcast and Recorded Contracts, the customers have a right to terminate the agreement if, among other things, there is a change of control of Access Innovation Media Pty Limited to a competitor of the customer.

9.6 Escrow arrangements

Escrowed Shares held at Completion of the Offer by the Escrowed Shareholders will be subject to voluntary escrow arrangements and the exceptions and release dates outlined below.

Each Escrowed Shareholder has entered into a voluntary escrow deed in respect of their Escrowed Shares, which prevents them from dealing in their Escrowed Shares for the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares or to create or agree or offer to create any security interest in the Shares.

The Escrowed Shareholders are to be escrowed as follows:

Category	Escrowed Shareholder	Escrowed Shares	Escrowed Period
1.	Founders, Directors, senior management and the ACS Vendor	18,376,805	From Completion of the Offer to (and including) the FY21 Results Date.
		18,376,805	From Completion of the Offer to (and including) the FY22 Results Date.
		18,376,805	From the issue and transfer of the Shares to (and including) the FY23 Results Date.
2.	Holders of convertible notes in the Company (other than those in Category 1)[2]	10,337,099	From Completion of the Offer to (and including) the later of 6 months after Completion of the Offer and the 1H FY21 Results Date.
3.	Employees (other than those in Category 1.) and certain Existing Shareholders	23,537,927	From Completion of the Offer to (and including) the FY21 Results Date.
4.	Other Escrowed Shareholders (other than those in Categories 1, 2 or 3)	2,727,684	From Completion of the Offer to (and including) the 1H FY21 Results Date.
	Total	**91,733,125**	

Note:
Actual registered holding of Shares may be held in the name of an entity controlled by, or associated with, each of the persons to be escrowed. The registered holder of the Shares will be the party escrowed.

An Escrowed Shareholder may be released early from these escrow obligations to enable:

- the Escrowed Shareholder to accept an offer under a bona fide takeover bid made under Chapter 6 of the Corporations Act in respect of the Escrowed Shares, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow deed, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid;
- the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a scheme of arrangement relating to the Company under Part 5.1 of the Corporations Act;
- the Escrowed Shareholder to participate in an equal access share buy-back, equal access capital return or equal access capital reduction (in each case made in accordance with the Corporations Act);
- the Escrowed Shareholder to dispose of, but not create a security interest in, some or all of the Escrowed Shares to any immediate family member, a company wholly-owned by the Escrowed Shareholder, or a trust in relation to which the Escrowed Shareholder or their immediate family member is the beneficiary, provided that all of the Escrowed Shares held by the Escrowed Shareholder will remain subject to, and will be released in accordance with, the original escrow conditions; or
- the Escrowed Shares to be dealt with in the event of death, serious disability or incapacity of the Escrowed Shareholder provided that the transfer is to the estate or guardian of the Escrowed Shareholder (as the case may be), and provided that all of the Escrowed Shares held by the Escrowed Shareholder will remain subject to, and will be released in accordance with, the original escrow conditions.

If for any reason any or all Escrowed Shares are not transferred or cancelled in accordance with a takeover bid, scheme of arrangement, or buy-back, capital return or capital reduction, as described above, then the Escrowed Shareholder agrees that the restrictions applying to the Escrowed Shares will continue to apply and without limiting the foregoing, the holding lock will be reapplied to all Escrowed Shares not so transferred or cancelled.

During the escrow period, the Escrowed Shareholders may deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

2) Convertible notes will be converted into Shares shortly prior to settlement of the IPO.

9. Additional Information

9.7 ASX Waivers and ASIC Relief

9.7.1 ASIC Relief

The Company received an exemption from the requirements of section 734(2) of the Corporations Act to enable the Company to communicate limited information about the Offer to its Employees prior to lodgement of the Prospectus.

9.7.2 ASX waivers and confirmations

The Company has received the following ASX Listing Rule waivers and confirmations:

- Confirmation that the mandatory escrow restrictions in clauses 1, 2, 3, 4, 6, 7, 8 and 9 of Appendix 9B of the Listing Rules will not apply to the Company as it has a track record of revenue acceptable to ASX; and
- An in-principle waiver from Listing Rule 10.14 to the extent necessary to permit the Company to issue each of John Martin, Jonathan Pearce and Alison Loat up to $25,000 worth of Share rights annually for a period of 3 years under the Company's LTIP, without shareholder approval, on the following conditions:
  - this Prospectus contain the information required by Listing Rule 10.15 in respect of the proposed issue of Share rights;
  - in each case, the date by which the Company will issue the Share rights under the LTIP must be no later than 3 years from the date of the Company's admission to the Official List; and
  - details of any Share rights issued to the Non-Executive Directors under the LTIP will be published in the annual report of the Company relating to the period in which they were issued.

9.8 Legal Proceedings

Ai-Media may, from time to time, be party to various disputes and legal proceedings incidental to the conduct of its business.

In May 2020, a general protections claim was filed in the Fair Work Commission against Access Innovation Media Pty Ltd by a former employee. The matter is still on foot and has been listed for an initial conference in 6 August 2020.

So far as the Directors are aware, as at the Prospectus Date, there is no other current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecutions of a material nature in which Ai-Media is directly or indirectly concerned which is likely to have a material adverse impact on the business or the financial position of Ai-Media.

9.9 Summary of Australian Tax issues for Australian Tax Resident Investors

The following comments provide a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty issues for Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their Shares on capital account.

This summary does not consider the consequences for Shareholders who are insurance companies, banks, Shareholders that hold their Shares on revenue account for or carry on a business of trading in Shares or Shareholders who are exempt from Australian tax. This summary does not cover the consequences for Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force as at the Prospectus Date (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each Shareholders' specific circumstances, Shareholders should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

9.9.1 Dividends paid on Shares – Australian tax residents

9.9.1.1 Australian resident individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the Shareholder satisfies the "qualified person" rules (refer to further comments below), the Shareholder should also include any franking credit attached to the dividend in their assessable income. However, such a Shareholder should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the Shareholder's taxable income. Where the tax offset exceeds the income tax payable on the Shareholder's taxable income in an income year, the Shareholder should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the Shareholder should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

9.9.1.2 Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. This allows the corporate Shareholder to pass on the benefit of the franking credits to its own Shareholder(s) on the payment of dividends.

Where franking credits received by a corporate Shareholder exceeds the income tax payable by that Shareholder, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.9.1.3 Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such Shareholders should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the Shareholder.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that Shareholders seek independent advice on the tax consequences arising in these circumstances.

9.9.1.4 Qualified person rules

The benefit of franking credits can be denied where a Shareholder does not satisfy the qualified person rules, in which case the Shareholder should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, a Shareholder must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires an Shareholder to hold the Shares continuously 'at risk' for not less than 45 days in the period beginning the day after the day on which the Shareholder acquires the Shares, and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Share have been held "at risk" for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares). Under the related payment rule, a different testing period applies where the Shareholder or an associate of the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the Shareholder to have held the Shares at risk for the continuous period of 45 days not including the date of acquisition or disposal during a window which commences on the 45th day before, and ends on the 45th day after the day the Shares become ex-dividend. Practically, the related payment rule should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual Shareholder may satisfy the qualified person rules on an alternative basis, provided that the Shareholder satisfies the small holding exemption. This exemption should generally be satisfied where the Shareholder is entitled to total franking credits (from all sources) of no more than $5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by a Shareholder directly or indirectly (for example, via an interposed trust). It is recommended that all Shareholders seek independent taxation advice.

9.9.1.5 Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where Shareholders seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Shareholders should seek independent tax advice regarding the dividend washing rules, and consider the impact of these rules, having regard to their own personal circumstances.

9.9.2 Dividends paid on Shares – non-Australian tax residents

Shareholders who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends received. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the Shareholder is tax resident in a country that has concluded a double tax treaty with Australia. If that is the case, and the Shareholder is otherwise able to rely on the double tax treaty, the rate of Australian dividend withholding tax may be reduced (typically to 15%), depending on the terms of the double tax treaty.

Dividends received which are fully franked should not be subject to Australian dividend withholding tax.

9.9.3 Disposal of Shares – Australian tax residents

The disposal of a Share by a Shareholder should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the Shareholder is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate Shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the Shareholder who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the Shareholder realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate Shares).

9.9.4 Disposal of Shares – Non-Australian tax residents

The disposal of a Share by a Shareholder who is not tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share.

However, any capital gain initially arising as a result of the CGT event should be disregarded unless the Share constitutes "taxable Australian property". Broadly, a Share should constitute taxable Australian property if both of the following requirements are satisfied:

- the Shareholder (together with any associates of the Shareholder) holds an interest of at least 10% in the Company at the time of the disposal, or has held such an interest throughout a 12 month period in the 24 months preceding the disposal; and
- the Company is land rich for Australian income tax purposes (broadly, because more than 50% of the value of the Company's assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by a Shareholder in carrying on a business in Australia through a permanent establishment (for example, a fixed place of business, such as an office, which is located in Australia).

In the event that a Shareholder who is not tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the Shareholder should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the Shareholder should generally not be entitled to claim the benefit of the CGT discount to reduce the amount of the capital gain included, but may be able to offset the capital gain with any available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of any available capital losses, should be subject to Australian income tax at the Shareholder's marginal tax rate.

A capital loss should initially be realised by a Shareholder who is not tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal. However, as with capital gains, a capital loss should be disregarded by the Shareholder unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

9.9.4.1 Non-resident CGT withholding

Rules can apply to the purchaser of certain taxable Australian property, indirect real property interests or options or rights to acquire such property or interest where such property or interest is acquired from a non-Australian resident vendor under contracts entered into on or after 1 July 2017. Pursuant to the rules, a non-final withholding tax of 12.5% of the purchase price may be applied to such transactions at settlement.

However, the rules should not apply to the disposal of a Share on ASX (in accordance with a specific exemption).

9.9.5 GST

Shareholders should not be liable for GST from acquiring or disposing of any Shares. Shareholders may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by Shareholders in this respect.

9.9.6 Stamp duty

No stamp duty should be payable by Shareholders on the acquisition of Shares. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.9.7 Tax file number (TFN)

Australian tax resident Shareholders may, if they choose, notify the Company of their tax file number (**TFN**), Australian Business Number (**ABN**) or a relevant exemption from withholding tax with respect to dividends. In the event that the Company is not so notified, pursuant to the TFN withholding rules, tax should be automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy, from unfranked dividends and/or other applicable distributions. However, Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of the tax deducted in their income tax returns.

Shareholders who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by the Company with respect to unfranked dividends or other relevant distributions paid to such Shareholders, irrespective of whether those Shareholders have notified the Company of their TFN or ABN.

9.10 Foreign Selling Restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

9.10.1 Hong Kong

WARNING: This document has not been, and will not be, registered in Hong Kong, nor has it been authorised by any regulatory authorities in Hong Kong. The Shares may not be offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares may be issued or may be in the possession (and no advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession) of any person for the purpose of issue, whether in Hong Kong or elsewhere, that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made under that ordinance. No person allotted Shares may dispose, transfer or on sell, or offer to dispose, transfer or on sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Shares.

This document and the information within are strictly confidential to the person whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by recipient to any other person or used for any purpose in Hong Kong.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If You are in doubt about any contents of this document, You should obtain independent professional advice.

9.10.2 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.10.3 Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to You on the basis that You are (i) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that You are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to You with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to sale restrictions in Singapore and comply accordingly.

9.10.4 United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(e) of the Regulation 2017/1129/EU (the **Prospectus Regulation**) that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this prospectus relates is only available to, and will be engaged in with, relevant persons.

9.11 Costs of the Offer

$6.4 million (including advisory, legal, accounting, tax and duty, listing and administrative fees, the Joint Lead Manager's management and underwriting fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses). These costs have been, or will be, borne by the Company from the proceeds of the Offer.

9.12 Consents to be Named and Disclaimers of Responsibility

Each of the parties listed below in this Section 9.12 (each a consenting party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Bell Potter Securities Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Joint Lead Manager and an underwriter to the Offer;
- Morgans Corporate Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Joint Lead Manager and an underwriter to the Offer;
- Jones Day has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation, stamp duty and intellectual property matters) to the Company in relation to the Offer in the form and context in which it is named;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 in the form and context in which it is included;
- Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in relation to the Offer in the form and context in which it is named;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of the Company in the form and context in which it is named;
- Frost & Sullivan has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus, in the form and context in which it is named;
- Silberstein & Associates has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in relation to the Offer in the form and context in which it is named and to the inclusion of the Registrable Intellectual Property Portfolio in Appendix B in the form and context in which it is included; and
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is named.

No consenting party referred to in this Section 9.12 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each consenting party referred to in this Section 9.12 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 9.12.

9.13 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.14 Statement of Directors

The issue of this Prospectus has been authorised by each Director of the Company and SaleCo who has consented to its lodgement with ASIC and its issue has not withdrawn that consent.

This document is signed on behalf of Access Innovations Holdings Limited ACN 122 058 708 and Ai-Media SaleCo Limited ACN 643 045 961, by:

Suzanne Sanossian
Company Secretary

Appendix A:
Significant Accounting Policies

Appendix A: Significant Accounting Policies

Basis of preparation

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the last statutory general purpose financial statements of Access Innovation Holdings Limited for the half-year ended 31 December 2019.

Functional and presentation currency

The financial information is presented in Australian dollars, which is Ai-Media's functional and presentation currency.

Historical cost convention

The financial information have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Significant Accounting Policies

As discussed in Section 4.3, Ai-Media has prepared aggregated pro forma financial information for FY18, FY19 and 1HFY20 from the separate general purpose financial statements of Access Innovation Holdings Limited and Alternative Communications Services LLC., which was acquired in May 2020. The principal accounting policies set out below reflect the pro forma accounting policies of the Access Innovation Holdings Limited consolidated group on a go forward basis.

New or amended Accounting Standards and Interpretations adopted

Ai-Media has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Ai-Media .

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 Ai-Media :

AASB 9 Financial Instruments

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In applying AASB 16 for the first time, Ai-Media has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with similar characteristics
- accounting for leases which end within 12 months of the date of initial application as short term leases; and
- excluding initial direct costs from the measurement of the right-of-use asset.

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 Ai-Media 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.

Ai-Media 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.

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, Ai-Media'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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which Ai-Media has control. Ai-Media controls an entity when Ai-Media 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 Company. They are de-consolidated from the date that control ceases.

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

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

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

Foreign currency translation

Foreign currency transactions

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.

Foreign operations

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

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

Business combinations

Acquisition method

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

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

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

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

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

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

Revenue recognition

Ai-Media recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which Ai-Media is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Ai-Media: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Appendix A: Significant Accounting Policies

Revenue from services

Revenue from a contract to provide services is recognised over time for all live captioning, as customers simultaneously receive and consume captioning services as live captioned events occur. All recorded captioning is recognised at a point in time, at such time that the customers gains control of and derives the benefits from the completed captioned medium(s) produced and incurs the obligation to pay for completed captioning.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Grant income

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and Ai-Media will comply with all attached conditions. Research and development tax incentives are recognised in profit or loss on a systematic basis over the periods in which Ai-Media recognises the eligible expenses.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days

Ai-Media has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Intangible assets

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

Goodwill

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

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 finite life.

Development

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

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of its expected benefit, being its finite life, which varies from 3 to 5 years.

Impairment of non-financial assets

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

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit

Going concern

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

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.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 to 5 years
Plant and equipment	5 to 10 years

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

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

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

Appendix A: Significant Accounting Policies

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 Ai-Media'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 Ai-Media'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.

Cash and cash equivalents

Cash and cash equivalents include 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, or on taxable temporary differences arising on the initial recognition of goodwill. Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that could follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Provisions

Provisions are recognised when Ai-Media has a present (legal or constructive) obligation as a result of a past event, it is probable Ai-Media will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settle.

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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

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

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

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Employee Share Scheme

The fair value of options granted under the Access Innovation Media Employee Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Critical accounting judgements, estimates and assumption

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

Ai-Media measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and key judgements exist when determining the vesting period. For cash settled liabilities the fair value is determined using the best estimate of the market price of the entity's ordinary shares at each reporting period.

Best estimate judgements on present obligations

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Management take into account the probability weighting of the most likely outcome when recognising provisions which involves key judgements.

Estimation of useful life of intangible assets

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the categories of intangible assets is as follows:

Customer relationships

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically there have been no change to the adopted estimated useful live.

Capitalised development fees

The useful life is determined by management at the time the capitalised development fees are capitalised and brought into use and is regularly reviewed for appropriateness. Management continue to monitor the commercial and technical feasibility as technology changes. Historically, there have been no change to the adopted estimated useful live of four years.

Business combinations

When accounting for business combinations, management assess whether the acquisition is an acquisition of a business or the acquisition of an asset. To be a business combination, the Company must acquire both inputs and processes applied to those inputs which contribute to the creation of outputs. This decision can be judgemental.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if Ai-Media considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Appendix B: Registrable Intellectual Property Portfolio

SILBERSTEIN & ASSOCIATES

Level 36, Gateway Tower
1 Macquarie Place
Sydney NSW 2000

TEL +612 8075 4699
FAX +612 8076 1554
info@silberstein.net.au

www.silberstein.net.au

Ai-Media's portfolio of registrable intellectual property rights as at 24 July 2020 are reflected in the following tables, together with some high level comments of relevance:

Business Names

Jurisdiction	Business name	Holder name	Status
Australia	Visible Classroom	Access Innovation Media Pty Limited	Registered since 12/12/2019
Australia	SCRIBBLR.AI	Access Innovation Media Pty Limited	Registered since 12/12/2019

- In Australia, the business name "Ai Media" is owned by a third party Australian company. This could give rise to difficulties for the Group adopting company names in Australia including "AI Media".

Registrable Copyright

Jurisdiction	Copyright registered	Holder name	Status
NIL	NIL	NIL	NIL

- Of the jurisdictions searched, registration is only possible in the United States and in Canada, but is mandatory in neither.

Internet Domains

Domain name	Holder name	Status
www.ai-media.tv	Not available on search engines searched	Registered since 2003-08-27
www.ai-live.com	Not available on search engines searched	Registered since 2009-08-08
www.ai-skills.com	Not available on search engines searched. The Group uses this domain	Registered. In use. ('date since' not recorded)
www.scribblr.ai	Access Innovation IP Pty Ltd	Registered since 2018-11-15
www.altcommsvcs.com	Alternative Communication Services, LLC	Active (this website automatically redirects the user to www.acscaptions.com)
www.alternativecommunicationservices.com	Alternative Communication Services, LLC	Active (this website automatically redirects the user to www.acscaptions.com)
www.captionfamily.com	Alternative Communication Services	Active (this website automatically redirects the user to www.acscaptions.com)

Appendix B: Registrable Intellectual Property Portfolio

Domain name	Holder name	Status
www.ccproductions.com	Alternative Communication Services	Appears active. This website references itself with a company named "Closed Captions Productions" the business of which was acquired by Alternative Communication Services LLP.
www.cloud-captioning.com	Alternative Communication Services	Appears inactive
www.cloudcaptioning.com	Alternative Communication Services	Appears inactive
www.icloudcaptioning.com	Alternative Communication Services	Appears inactive
www.mysamonline.com	Alternative Communication Services	Appears active ("Alternative Communication Services, LLC" is described as the owner of this website)
www.realtimefitnessonline.com	Alternative Communication Services	Active (this website automatically redirects the user to www.acscaptions.com)
www.wordshare.co	Alternative Communication Services	Appears inactive
www.mysamonline.org	Alternative Communication Services	Appears inactive
www.mysamonline.biz	Alternative Communication Services	Appears inactive
www.acsinterpreting.com	Alternative Communication Services	Active (this website automatically redirects the user to www.acscaptions.com)
www.acsinterpreting.info	Alternative Communication Services	Appears inactive
www.acsinterpreting.org	Alternative Communication Services	Appears inactive

- It has not been possible, due to the limitations of the search engines used, to categorically confirm the holder of several of these domain names as reflected in the column "Holder name". Accordingly, some of the domain names included within this table are included as domain names "held" by members of the Group because they are in use and the content of the webpages to which those domain names point appears to be directly relevant to the business conducted by the Group.

Patents *(Active)*

Jurisdiction	Application Number	Representation/Title	Status
Australia	2010281297	System and method for real time text streaming	Granted. Patent no. 2010281297
Australia	2015252037	System and method for real time text streaming	Granted. Patent no. 2015252037

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SILBERSTEIN & ASSOCIATES PTY LIMITED ACN 166 622 500

Liability is limited by a scheme approved under Professional Standards Legislation

Jurisdiction	Application Number	Representation/Title	Status
Canada	2770361	System and method for real time text streaming	Granted. Patent no. 2770361
Singapore	2012005690	System and method for real time text streaming	Granted. Patent no. 178117
United States	13/388522	System and method for real time text streaming	Granted. Patent no. 9535891

<u>Patents</u> *<u>(Lapsed or Abandoned)</u>*

Jurisdiction	Number	Representation	Status
Australia	2009903717	System and method for real time text streaming	Lapsed.
Australia	2010901731	System and method for real time text streaming	Lapsed.
Europe	10805892.6	System and method for real time text streaming	Abandoned.
PCT	PCT/AU2010/000997	System and method for real time text streaming	Lapsed.

<u>Trade Mark rights for which registration has been sought (pending or registered)</u> *<u>(Active)</u>*

Jurisdiction	Application Number	Representation/Title	Status
Australia	1573083	Visible Classroom (word)	Registered.
WIPO	1203524	Visible Classroom (word)	Registered.
Canada	1662492	Visible Classroom (word)	Registered. Reg no. TMA984056
European Union	1203524	Visible Classroom (word)	Registered.
New Zealand	997885	Visible Classroom (word)	Registered.
Singapore	T1407555Z	Visible Classroom (word)	Registered.
United States	79147155	Visible Classroom (word)	Registered. Reg. no. 4848402
Australia	1292185	a i media	Registered.
Australia	1316675	Ai-Live (word)	Registered.
Australia	2101961	Ai-Live (word)	Pending
Australia	1292184	Ai-Media (word)	Registered.
Australia	2101962	Ai-Media (word)	Pending
Australia	1392754	Ai-Skills (word)	Registered. (To be abandoned 4 November 2020)
Australia	1630984	a i	Registered.
WIPO	1297396	a i	Registered.
European Union	1297396	a i	Registered.

Jurisdiction	Application Number	Representation/Title	Status
United States	79186674		Registered. Reg. no. 5572516
Australia	2102379		Pending
Australia	1989083	scribblr.ai (word)	Registered.
Australia	1985823	scribblr.ai (word)	Registered.
WIPO	1487374	scribblr.ai (word)	Registered.
Canada	1979391	scribblr.ai (word)	Pending.
European Union	W01487374	scribblr.ai (word)	Registered.
New Zealand	1130354	scribblr.ai (word)	Registered.
United Kingdom	W01487374	scribblr.ai (word)	Registered.
United States	79267446	scribblr.ai (word)	Pending.

- two US citation objections (earlier registered US trademarks) were raised by the United States Patent & Trademarks Office as bars to registration of the US trademark application for SCRIBBLR.AI. These objections are unlikely to be withdrawn in light of submissions. They pose an infringement risk in respect of past and continued use of SCRIBBLR.AI by the Group in the US. A strategy is in development to attempt obtaining from the owners of the cited US trademarks consent for the registration and use of SCRIBBLR.AI.

- as "AI" is an acronym for artificial intelligence, several entities in a wide variety of jurisdictions are adopting these letters as part of their respective trade marks. This may pose difficulties for the Group obtaining trade mark registrations adopting those letters, and particularly so in jurisdictions where the Group does not have extensive (or adequate) evidence of use that could be filed in support of such registration of any such applications. It also gives rise to the potential for the Group's business conduct in various jurisdictions to be met by allegations of trade mark infringement.

Trade Mark rights for which registration has been sought *(Lapsed or Abandoned)*

Jurisdiction	Number	Representation	Status
Australia	1505599		Abandoned.
Australia	1316670		Abandoned.
Australia	1316672	Ai-Flo (word)	Abandoned.
Australia	1316673	Ai-Stream (word)	Abandoned.

Silberstein & Associates
24 July 2020

Appendix C: Glossary

Appendix C: Glossary

Term	Meaning
1H FY21 Results Date	The release to ASX of half year results in 2021.
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ACS	Alternative Communications Services, LLC (and, where the context requires, the business conducted by that company).
ACS Vendor	Philip Hyssong.
ACS Vendor Loan	The loan provided to the ACS Vendor as part of the ACS acquisition.
ADA	The Americas with Disabilities Act.
AFSL	Australian Financial Services Licence.
AI	Artificial intelligence.
Ai-Media	Access Innovation Holdings Limited (ACN 122 058 708) and its controlled entities, (and, where the context requires, the businesses conducted by those entities).
ANZ	Australia and New Zealand.
Applicant	A person who submits an Application.
Application	An application to subscribe for Shares offered under this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility).
Application Monies	The amount of monies accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASR	Automated speech recognition.
ASX	ASX Limited or the securities exchange that it operates, as the context requires.
ASX Listing Rules	The listing rules of ASX.
ASX Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition, March 2014).
ASX Settlement Operating Rules	The settlement operating rules of ASX.
ATO	Australian Tax Office.
AUD	Australian Dollars.
Audit and Risk Committee or **ARC**	The Board's audit and risk sub-committee.
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.
Bell Potter or **Bell Potter Securities Limited**	Bell Potter Securities Limited (ACN 006 390 772).
Board or **Board of Directors**	The board of directors of the Company.

Term	Meaning
Bookbuild	The bookbuild process undertaken to determine investor demand for Offer Shares at the Offer Price.
BPAY®	The payment mechanism used to pay Application Monies online.
Broker	An ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer.
Broker Firm Applicant	An Australian resident client of a Broker who is offered a firm allocation of Shares under the Broker Firm Offer.
Broker Firm Application Form	The Application Form made available with a copy of this Prospectus, identified as the Broker Firm Offer Application Form.
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of participating Brokers who have received participate firm allocation from their Broker, as described in Section 7.3.
BSA	1992 Broadcasting Services Act.
CAD	Canadian dollar.
CAGR	Compound annual growth rate.
CART	Communication access real-time translation.
CGT	Capital Gains Tax.
CHESS	ASX's Clearing House Electronic Sub-register System. See Section 7.13.2.
Closing Date	The date on which the Offer is expected to close, being 3 September 2020 in respect of the Retail Offer.
Company	Access Innovation Holdings Limited (ACN 122 058 708).
Completion of the Offer	Completion in respect of the allotment and issue of Shares by the Company.
Consenting Party	Each of the parties listed in Section 9.12.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
COVID-19	The virus formally known as severe acute respiratory syndrome coronavirus 2.
CVAA	Century Communications and Video Accessibility Act.
DE	Distance education.
DHL	Deaf Hearing Loss.
Director	A member of the Board, and in relation to references to disclaimers or consents includes a reference to a director of SaleCo.
Diversity Policy	The Company's diversity policy adopted by the Board.
EBIT	Earnings before interest and taxation.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Eligible Employees	All Australian tax resident employees (inclusive of permanent and casual employees) who are employed by the Company and who do not hold a beneficial interest in more than 10% of the Shares in the Company or 10% of the votes that might be cast at a general meeting.

Appendix C: Glossary

Term	Meaning
EMEA	Europe, Middle-East and Africa.
Employee Gift Offer	The offer made under this Prospectus under which Eligible Employees who have received an Offer from the Company may acquire, at no cost, the nearest number of whole Shares (rounded down) up to a value of $1,000 as described in Section 7.5.
Employee Gift Offer Shares	Shares acquired under the Employee Gift Offer.
Enterprise Value	The sum of the market capitalisation of the Company at the Offer Price less the expected net cash at Completion of the Offer.
Escrow Period	The periods defined in Section 9.6.
Escrowed Shareholders	The Existing Shareholders; registered holders of convertible notes issued by the Company who received Shares on conversion prior to Completion of the Offer; and holders of options under legacy employee share plans of the Company which are closed out prior to listing, but who acquire Shares under the Priority Offer. The Existing Shareholders, registered holders of convertible notes issued by the Company, and holders of options in the Company.
Escrowed Shares	Shares held by the Escrowed Shareholders set out in Section 9.6 immediately after Completion of the Offer (for employees, this includes any Shares acquired under the Priority Offer, but excluding any Shares acquired under the Employee Gift Offer which has its own holding restrictions).Those Shares referred to in Section 9.6.
EU	European Union.
Existing Shareholders	Shareholders as at the date of this Prospectus.
Existing Shares	Fully paid ordinary Shares in the capital of Ai-Media.
Expiry Date	The date which is 13 months after the Prospectus Date.
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC by a further period of 7 days, during which no Applications may be processed by the Company.
FCC	Federal Communications Commission.
Financial Information	The financial information described in Section 4.
FMCG	Fast moving consumer goods.
Forecast Financial Information	The forecast financial information described in Table 4.1.
Founders	Tony Abrahams and Alex Jones
FY	Abbreviation for the Financial Year ending 30 June.
FY20 Results Date	The release to ASX of audited full year results in 2020.
FY21 Results Date	The release to ASX of audited full year results in 2021.
FY22 Results Date	The release to ASX of audited full year results in 2022.
FY23 Results Date	The release to ASX of audited full year results in 2023.

Term	Meaning
GST	Goods and services tax.
HIN	Shareholder's Holder Identification Number.
Historical Financial Information	The historical financial information described as Historical Financial Information in Table 4.1.
IFRS	International Financial Reporting Standards.
Institutional Investor	Investors who are: • person who are wholesale clients under Section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or • institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approved by, any government agency (expect one with which the Company is willing in its discretion to comply); and • provided that in each case such investors are not in the United States.
Institutional Offer	The offer of Shares under this Prospectus to Institutional Investors, as described in Section 7.9.
Investigating Accountant	Deloitte Corporate Finance Pty Limited.
Investigating Accountant's Report	The Investigating Accountant's report as set out in Section 8.
Joint Lead Managers	The Joint Lead Managers to the Offer, being Bell Potter and Morgans.
Listing	The expected admission of the Company to the Official List.
Management	The executive management team of the Company.
ML	Machine learning.
MOOCs	Massive Online Open Courses.
Morgans or **Morgans Corporate Limited**	Morgans Corporate Limited (ACN 010 539 607).
NAD	National Association of the Deaf.
New Shareholders	Shareholders who were not Existing Shareholders.
New Shares	The new Shares to be issued by the Company under the Offer.
Non-Executive Director	A member of the Board who does not form part of the Company's management.
NPAT	Net profit after tax.
Ofcom	Office of Communication.
Offer	The offering of Shares under this Prospectus.
Offer Price	$1.23 per Share.
Official List	The official list of entities that ASX has admitted to and not removed from listing.
OTT	Over-the-top media services.

Appendix C: Glossary

Term	Meaning
Priority Offer	Means an offer which is open to selected investors nominated by the Company in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus.
Pro Forma Forecast Cash Flows	Defined in Table 4.1.
Pro Forma Forecast Income Statements	Defined in Table 4.1.
Pro Forma Historical Cash Flows	Defined in Table 4.1.
Pro Forma Historical Financial Information	Defined in Table 4.1.
Pro Forma Historical Income Statements	Defined in Table 4.1.
Pro Forma Statement of Financial Position	Defined in Table 4.1.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	The date on which a copy of this Prospectus is lodged with ASIC, being 10 August 2020.
R&D	Research and development.
R&D Tax Incentive Scheme	Means the business assistance program administered by the Australian Government to encourage and support businesses to undertake research and development activities.
Remuneration and Nomination Committee or **the RNC**	The Board's remuneration and nomination sub-committee.
Retail Offer	Comprises the Broker Firm Offer, Priority Offer and the Employee Gift Offer.
ROW	Regions excluding Australia and New Zealand and North America.
SaleCo	Means Ai-Media SaleCo Limited (ACN 643 045 961).
Securities Trading Policy	Means the Company's securities trading policy, as adopted by the Board.
Securityholder Communication Policy	Means the Company's securityholder communication policy, as adopted by the Board.
SEO	Search engine optimisation.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Shareholder	A registered holder of Shares.
SRN	Securityholder Reference Number issued by the Share Registry.
Statutory Forecast Cash Flows	Defined in Table 4.1.
Statutory Forecast Income Statements	Defined in Table 4.1.

Term	Meaning
Statutory Historical Cash Flows	Defined in Table 4.1.
Statutory Historical Income Statements	Defined in Table 4.1.
Statutory Historical Statement of Financial Position	Defined in Table 4.1.
Successful Applicant	An Applicant who is issued Shares under the Offer.
SVOD	Subscription over the wire video on demand.
TFN	Tax file number.
US Securities Act	The Securities Act 1933.
VOD	Video on demand.
VWAP	Volume Weighted Average Price.
WCAG	Web Content Accessibility Guidelines.
WHO	World Health Organisation.

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Access Innovation Holdings Limited

ACN 122 058 708

Broker Firm Offer Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Access Innovation Holdings Limited (**Company**) Prospectus dated 10 August 2020 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

A **I/we apply for**

Number of New Shares in the Company at A$1.23 per New Share or such lesser number of New Shares which may be allocated to me/us.

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored subregister.

G **Make your Payment in accordance with the instructions from your broker**

See overleaf for completion guidelines

How to complete this Broker Firm Offer Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 1,627 Shares ($2,001.21). There is no maximum Application size under the Broker Firm Offer.

B **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A$1.23.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must Be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D **Email and Postal Address**
Enter Your shares will be registered using the address provided. For joint Applicants, only one address can be entered. The registered holder will be asked to provide an email address for electronic communications.

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F **CHESS**
The Company participates in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G **Payment**
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should carefully read the Prospectus to which this Application relates in full. By lodging the Application Form, the Applicant agrees that this Application for Shares in the Company is upon and subject to the terms of the Prospectus and the Constitution of Access Innovation Holdings Limited, agrees be a member of the Company and to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The Broker Firm Offer opens on 17 August 2020 and is expected to close at 5.00pm (AEST) on 3 September 2020. The Company and the Joint Lead Managers reserve the right to amend any or all of the times and dates of the Offer without notice.

If you have received an invitation from you Broker and you wish to apply for shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

Correct forms of registrable titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners' personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s)' personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

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ACN 122 058 708

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Corporate Directory

Issuer's Registered Office

Access Innovation Holdings Limited
Level 6, 277 William Street,
Melbourne VIC 3000

Joint Lead Managers and Underwriters

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Morgans Corporate Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Taxation Adviser

Deloitte Tax Services Pty Ltd
Grosvenor Place
225 George Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford Vic 3067

Australian Legal Adviser

Jones Day
Level 41, Aurora Place
88 Phillip Street
Sydney NSW 2000

Investigating Accountant

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Company Website

ai-media.tv

ai media