# ASX Announcement

5 May 2021

Market Announcement Office
ASX Limited
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

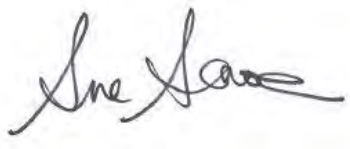
Dear Sir / Madam

**ACCELERATED RENOUNCEABLE ENTITLEMENT OFFER**

Please find **attached:**

- the Retail Offer Booklet for the accelerated renounceable entitlement offer announced on Wednesday, 28 April 2021; and
- a sample letter that will be provided to shareholders who are ineligible to participate in the offer.

Yours faithfully



**ENDS**

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*This ASX announcement was authorised for release by Ai-Media's Board of Directors*

## About Ai-Media

Founded in Australia in 2003, technology company Ai-Media has become a global leader in the provision of high-quality live and recorded captioning, transcription and translation services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text accuracy. The company is the biggest captioning provider in the Australian market, with clients including major free-to-air and pay television networks, and has a growing international footprint, with offices in Australia, the US, UK and Canada. Globally, it provides captioning for around 1 million minutes of live and recorded media content, and online events and web streams, every month. Ai-Media (ASX:AIM) commenced trading on the ASX on 15 September 2020.

For more information on Ai-Media please visit https://www.ai-media.tv/


### IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Ai-Media is not licensed to provide financial product advice in respect of an investment in securities.

### NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States unless they have been registered under the U.S. Securities Act (which Ai-Media has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

### Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Ai-Media, statements about the industry and the markets in which Ai-Media operates and statements about the future performance of the Ai-Media businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

**You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak**

**of COVID-19.** Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Ai-Media group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of Ai-Media's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Ai-Media's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Refer to the "Appendix A - Key Risks" section of the Investor Presentation released on ASX on 28 April 2021 for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Ai-Media group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID19, the global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Ai-Media as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Ai-Media or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Ai-Media disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

**Access Innovation Holdings Limited**
**ACN 122 058 708**

# RETAIL ENTITLEMENT OFFER

**1 for 5.79 pro rata accelerated renounceable entitlement offer of Access Innovation Holdings Limited shares at an Offer Price of $0.80 per New Share**

**The Entitlement Offer closes at 5.00pm (Sydney time) on Friday, 14 May 2021**

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited

This Retail Offer Booklet together with the Entitlement and Acceptance Form are important documents that require your immediate attention. They should be read in their entirety. If, after reading the Retail Offer Booklet you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser. This Retail Offer Booklet is not a prospectus and has not been (and will not be) lodged with the Australian Securities and Investments Commission.

*Not for release to US wire services or distribution in the United States.*

## Important Information

This Retail Offer Booklet is issued by Access Innovation Holdings Limited (ACN 122 058 708) (**Ai-Media** or the **Company**) and is dated Wednesday, 5 May 2021.

This Retail Offer Booklet together with the Entitlement and Acceptance Form (obtained online via https://AIMoffer.thereachagency.com) are important documents and should be read in their entirety before deciding whether or not to participate in the Entitlement Offer. In particular, you should consider the risk factors outlined in the Investor Presentation attached as Annexure B to this Retail Offer Booklet.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer described in this Retail Offer Booklet, which is not contained in this Retail Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as being authorised by the Company or the Underwriters in connection with the Entitlement Offer. The Underwriters and their respective representatives, to the maximum extent permitted by law, expressly disclaim any responsibility or liability for the contents of this Retail Offer Booklet.

The Entitlement Offer to which this Retail Offer Booklet relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, neither this Retail Offer Booklet nor the Entitlement and Acceptance Form is a prospectus for the purposes of the Corporations Act. Accordingly, these documents do not contain all of the information that a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus. They are not required to be, and will not be, lodged with ASIC.

This Retail Offer Booklet should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at www.asx.com.au and published on the Company's website at investorrelations.ai-media.tv/Investor-Centre/.

By submitting the Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY in accordance with the instructions in the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agreed to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved.

**No overseas offering**

This Retail Offer Booklet does not, and is not intended to, constitute an offer of securities in the United States or any other jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. The New Shares and Entitlements have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and Entitlements may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia and New Zealand.

Accordingly, this Entitlement Offer is not being extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand (unless the Company, at its discretion, determines that an offer can be made outside those jurisdictions in compliance with all applicable securities laws).

This Retail Offer Booklet (including an electronic copy) may not be released or distributed in the United States or elsewhere outside the Permitted Jurisdictions. The distribution of this Retail Offer Booklet in other jurisdictions outside Australia and New Zealand may also be restricted by law and any

such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. See section 3.3 of this Retail Offer Booklet for more information on foreign offer restrictions.

**Future performance and forward-looking statements**

Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made under this Retail Offer Booklet.

Some statements in this Retail Offer Booklet are in the nature of forward-looking statements. Forward-looking statements may be identified by words such as "aim", "intend", “should”, “expect”, “estimate” and similar expressions. Such statements are not statements of fact and are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Company, the Directors and management which may cause actual results to differ materially from those expressed or implied in such statements.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures.

The forward looking statements are based on information available to the Company as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), the Company is under no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

The Underwriters have not authorised, approved or verified any forward-looking statements.

**Past performance**

Investors should note that past performance, including the past share price performance of the Company, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of the Company including its future share price.

**Financial amounts**

All numbers in this Retail Offer Booklet are in Australian dollars and any financial data is presented as at the date stated in this Retail Offer Booklet.

**Times and dates**

Times and dates in this Retail Offer Booklet are indicative only and may be subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates" section of this Retail Offer Booklet for more details.

**No Trading of Entitlements**

There will be no trading of Entitlements on ASX and you cannot privately transfer or otherwise dispose of them.

Entitlements not taken up under the Retail Entitlement Offer and the Entitlements of Ineligible Retail Shareholders will be offered for sale through the Retail Shortfall Bookbuild process managed by the Underwriters. Any proceeds in excess of the Offer Price (net of any withholding tax and expenses) will then be distributed to those Retail Shareholders.

See section 1.6 of this Retail Offer Booklet for more details.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

**Disclaimer**

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Underwriters. To the maximum extent permitted by law, each of Ai-Media and the Underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion. To the maximum extent permitted by law, the Underwriters disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Retail Offer Booklet being inaccurate or due to information being omitted from this Retail Offer Booklet, whether by way of negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Retail Offer Booklet.

The Underwriters take no responsibility for any part of this Retail Offer Booklet or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Retail Offer Booklet or otherwise arising in connection with either of them.

The Underwriters make no recommendation as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and by returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Underwriters in relation to the New Shares or the Entitlement Offer generally.

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## Letter from the Chair

Dear Shareholder,

On behalf of the Directors of Ai-Media, I am delighted to invite you to participate in the retail component of a 1 for 5.79 pro rata renounceable entitlement offer of New Shares at the Offer Price of $0.80 per New Share (**Entitlement Offer**). The Entitlement Offer will raise a total of approximately $20.0 million.

Ai-Media is also raising $20.0 million through an institutional placement, which is being undertaken in conjunction with the Entitlement Offer at the same Offer Price.

**Acquisition of EEG Enterprises**

On 28 April 2021, Ai-Media announced that it has entered into a binding agreement to acquire 100 per cent of the shares in EEG Enterprises, Inc. (**EEG**) for up to US$34.0 million in cash, Ai-Media shares and potential earn-outs (**Acquisition**).

The acquisition of EEG, a leading North American provider of captioning technology, will establish Ai-Media as a vertically integrated provider of captioning technology, with a full suite of products to match customer requirements. The acquisition will be immediately earnings accretive on an EBITDA basis, while significantly increasing recurring revenue streams and delivering Ai-Media new growth opportunities, particularly in the crucial North American market.

Further details on the Acquisition are provided in the Investor Presentation (Annexure B).

**Purpose of the Capital Raising and use of proceeds**

The proceeds from the Capital Raising will used to fund the cash consideration payable for the Acquisition, together with associated costs.

Following completion of the Acquisition and Capital Raising, it is anticipated that the combined Group will be immediately EBITDA positive and will have A$8.9 million of cash available, providing balance sheet flexibility and scope to fund future growth initiatives.

**The Entitlement Offer**

The Entitlement Offer comprises the Institutional Entitlement Offer and the Retail Entitlement Offer. The Institutional Entitlement Offer has already occurred.

This Retail Offer Booklet relates to the Retail Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Retail Shareholders with a registered address in Australia or New Zealand are entitled to subscribe for 1 New Share for every 5.79 existing fully paid ordinary shares in Ai-Media (**Shares**) held at 7.00pm (Sydney time) on Friday, 30 April 2021 (**Record Date**), at the Offer Price of $0.80 per New Share.

The Offer Price is the same price which was offered to participants in the Institutional Entitlement Offer and Placement.

The Offer Price represents:

- a 14 per cent discount to the closing price of AIM shares on ASX of A$0.93 on 27 April 2021; and
- 10.8 per cent discount to the Theoretical Ex-Rights Price[1] ("**TERP**")[2].

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Placement and Institutional Entitlement Offer, which closed on Wednesday, 28 April 2021, raised gross proceeds of approximately $35.0 million and was strongly supported by existing shareholders. Approximately 47% of eligible entitlements were taken up in the Institutional Entitlement Offer. Excluding founders and family, 92% was taken up by eligible institutional shareholders. Eligible board members took up in excess of $2.3 million in the Institutional Entitlement Offer.

A bookbuild for the Institutional Entitlement Offer shortfall shares (**Institutional Shortfall Bookbuild**) was conducted on Thursday, 29 April 2021. The final clearing price under the Institutional Shortfall Bookbuild was $0.84, which represents a premium of 4 cents to the Offer Price of $0.80 per New Share.

**General Meeting**

Part of the consideration for the Acquisition is the issue of 14,630,017 Shares to the vendor of EEG (**Consideration Shares**) at an effective issue price of $0.876 per Share. Ai-Media requires Shareholder approval for the issue of the Consideration Shares for the purposes of ASX Listing Rule 7.1.

A general meeting of Shareholders will shortly be called to approve the issue of Consideration Shares. The general meeting is expected to be held in mid-June 2021.

**Further information and application instructions**

The number of New Shares that you are entitled to subscribe for under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form (obtained online via https://AIMoffer.thereachagency.com).

Your Entitlement may have value and it is important that you determine whether to take up, sell or do nothing in respect of your Entitlement. Where a Shareholder does nothing, their Entitlements will be offered for sale through the Retail Shortfall Bookbuild process managed by the Underwriters. Any proceeds in excess of the Offer Price (net of any withholding tax and expenses) will then be paid to the Shareholder.

The Ai-Media Board encourages you to read this Retail Offer Booklet carefully (in particular, the "Risks" section set out in the Investor Presentation (Annexure B), which contains a number of key risks associated with an investment in Ai-Media. For further information please call the Ai-Media Offer Information Line on 1300 855 080 (within Australia) and +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

[1] *Theoretical ex-rights price ("TERP") includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Ai-Media shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of Ai-Media plus additional equity raised) / total shares on issue following the Equity Raising.*

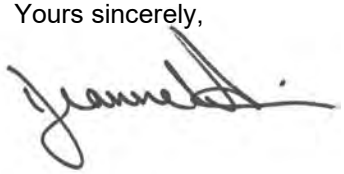
[2] *At 27 April 2021, Ai-Media's last closing price was A$0.93 per share and the TERP is A$0.90 per share.*

The Capital Raising is being fully underwritten by Bell Potter Securities Limited ACN 006 390 772 and Morgans Corporate Limited ACN 010 539 607.

**The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Friday, 14 May 2021.**

On behalf of the Ai-Media Board, I encourage you to consider this investment opportunity and thank you for your ongoing support of Ai-Media.

Yours sincerely,



**Deanne Weir**
**Chair**
**Access Innovation Holdings Limited**

## Key dates and Capital Raising details

| **Summary of the Capital Raising** | |
|---|---|
| Ratio | 1 New Share for every 5.79 Shares held by Eligible Shareholders on the Record Date |
| Offer Price | $0.80 per New Share |
| Total number of New Shares to be issued under the Entitlement Offer (subject to rounding) | 25,008,593 |
| Total number of New Shares to be issued under the Placement | 25,000,000 |
| **Total number of New Shares to be issued under the Capital Raising** | 50,008,593 |
| Amount to be raised under the Entitlement Offer before costs | $20.0 million |
| Amount to be raised under the Placement before costs | $20.0 million |
| **Amount to be raised under the Capital Raising before costs** | $40.0 million |
| **Capital Structure** | |
| Subject to rounding of fractional Entitlements, the capital structure of Ai-Media following the issue of New Shares under the Capital Raising and Acquisition is expected to be as follows: | |
| Shares on issue as at 28 April 2021 (announcement of the Capital Raising) | 144,799,748 |
| New Shares to be issued under the Capital Raising | 50,008,593 |
| Consideration Shares to be issued in connection with the Acquisition<br>*Note: subject to Shareholder approval* | 14,630,017 |
| **Total Shares on issue (expected) following completion of the Capital Raising and the issue of Consideration Shares** | 209,438,358 |

**Key Dates**

The indicative timetable for the Entitlement Offer is as follows:

| Event | Date (2021) |
|---|---|
| **Announcement Date**<br>Entitlement Offer announced – Company entered trading halt | Wednesday, 28 April |
| Institutional Entitlement Offer opened | Wednesday, 28 April |
| Institutional Entitlement Offer closed | Wednesday, 28 April |
| Institutional Shortfall Bookbuild closed | Thursday, 29 April |
| Results of Institutional Entitlement Offer announced and trading halt lifted | Friday, 30 April |
| **Record Date for Entitlement Offer (7.00pm Sydney time)** | **Friday, 30 April** |
| Retail Offer Booklet despatched to Eligible Retail Shareholders[3] | Wednesday, 5 May |
| **Retail Entitlement Offer Opening Date** | **Wednesday, 5 May** |
| Settlement of the Institutional Entitlement Offer | Friday, 7 May |
| New Shares issued under the Institutional Entitlement Offer commence trading | Monday, 10 May |
| **Retail Entitlement Offer Closing Date** | **Friday, 14 May** |
| Announcement of results of Retail Entitlement Offer | Wednesday, 19 May |
| Retail Shortfall Bookbuild undertaken | Friday, 21 May |
| Announcement of results of Retail Shortfall Bookbuild | Monday, 24 May |
| Settlement of the Retail Entitlement Offer | Tuesday, 25 May |
| Issue of New Shares under the Retail Entitlement Offer | Wednesday, 26 May |

[3] Eligible Retail Shareholders who have elected to receive documents from the Company electronically will receive online access to this Retail Offer Booklet and to their personalised Entitlement and Acceptance Form by email. Eligible Retail Shareholders who have not elected to receive electronic communications will be posted a letter detailing how to access this Retail Offer Booklet and their personalised Entitlement and Acceptance Form through the Company's offer website (https://AIMoffer.thereachagency.com) or, alternatively, how to request paper copies of this Retail Offer Booklet and their personalised Entitlement and Acceptance Form.

| | |
|---|---|
| Trading of the New Shares issued under the Retail Entitlement Offer commences on a normal settlement basis | Thursday, 27 May |
| Despatch of holding statements for New Shares issued under the Retail Entitlement Offer | Thursday, 27 May |
| Retail Premium (if any) provided | Thursday, 27 May |

This Timetable is indicative only and subject to change. The Company may vary these dates, in consultation with the Underwriters, subject to the ASX Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right to withdraw or not proceed with the Entitlement Offer at any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

The commencement of quotation of New Shares is subject to the discretion of ASX. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

**Is this Retail Offer Booklet relevant to you?**

This Retail Offer Booklet is relevant to you if you are an Eligible Retail Shareholder.

"Eligible Retail Shareholders" are those persons who meet the definition of Eligible Retail Shareholder in section 1.3 of the Retail Offer Booklet.

In this Retail Offer Booklet, references to "you" are references to Eligible Shareholders and references to "your Entitlement" and "your Entitlement and Acceptance Form" are references to the Entitlement and the Entitlement and Acceptance Form of Eligible Shareholders respectively.

**Enquiries**

For further information (including if you would like a paper copy of this Retail Offer Booklet or the personalised Entitlement and Acceptance Form), please call the Ai-Media Offer Information Line on 1300 855 080 (within Australia) and +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

# 1 Details of the Entitlement Offer

## 1.1 Overview

The Company is making a pro rata renounceable offer of 1 New Share for every 5.79 Shares held by Eligible Shareholders registered on the Record Date, being 7.00pm (Sydney time) on Friday, 30 April 2021.

The Offer Price is $0.80 per New Share. The Offer Price represents:

- a 14 per cent discount to the closing price of AIM shares on ASX of A$0.93 on 27 April 2021; and
- 10.8 per cent discount to the TERP[4].

The Entitlement Offer will raise approximately $20.0 million (before costs associated with the Entitlement Offer) and will result in the issue of approximately 25.0 million New Shares.

The Entitlement Offer is being undertaken in conjunction with the Placement, which involves the issue of 25.0 million New Shares at the Offer Price to raise $20.0 million.

The Entitlement Offer comprises four components:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders were given the opportunity to take up all or part of their entitlement (**Institutional Entitlements**) at the Offer Price. The Institutional Entitlement Offer closed on Wednesday, 28 April 2021.
- **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up under the Institutional Entitlement Offer and Entitlements that would have been issued to Ineligible Institutional Shareholders had they been entitled to participate in the Institutional Entitlement Offer were sold through a bookbuild process on Thursday, 29 April 2021 (**Institutional Shortfall Bookbuild)**. The premium paid in respect of those Institutional Entitlements was $0.04 per Institutional Entitlement (**Institutional Premium**).
- **Retail Entitlement Offer** – Eligible Retail Shareholders will receive Retail Entitlements under the Retail Entitlement Offer (**Retail Entitlement**), which can be taken up in whole or in part. Retail Entitlements cannot be traded on ASX or transferred directly to another person.
- **Retail Shortfall Bookbuild** – Entitlements not taken up under the Retail Entitlement Offer and Retail Entitlements that would have been issued to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer will be offered for sale through the Retail Shortfall Bookbuild. The amount realised for those Retail Entitlements (**Retail Premium**), if any, will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium (if any) is expected to be paid on Thursday, 27 May 2021.

The Institutional Entitlement Offer, Placement and Institutional Shortfall Bookbuild were successfully conducted between Wednesday, 28 April 2021 and Thursday, 29 April

[4] *At 27 April 2021, Ai-Media's last closing price was A$0.93 per share and the TERP is A$0.90 per share.*

2021 and raised approximately $35.0 million. New Shares are expected to be issued under the Institutional Entitlement Offer and Placement on Monday, 10 May 2021.

There is no minimum subscription to participate in the Entitlement Offer.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement.

The Entitlement Offer is renounceable. Any Entitlements not taken up under the Retail Entitlement Offer and Retail Entitlements that would have been issued to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer will be offered for sale through the Retail Shortfall Bookbuild. There will be no trading of Retail Entitlements on ASX and Entitlements cannot be sold or otherwise transferred directly to another person.

All of the New Shares issued under the Entitlement Offer will be fully paid and rank equally with the Shares on issue at the date of this Retail Offer Booklet.

The choices available to Eligible Retail Shareholders in respect of the Retail Entitlement Offer are described in Section 2. The Retail Entitlement Offer is scheduled to close at 5.00pm (Sydney time) on Friday, 14 May 2021.

Eligible Retail Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in the Investor Presentation attached as Annexure B to this Retail Offer Booklet.

### 1.2 Purpose of Entitlement Offer

The Entitlement Offer will raise approximately $20.0 million and the Placement will raise approximately $20.0 million (before costs).

The Company intends to apply the funds raised under the Entitlement Offer and Placement for the purposes of:

- payment of the cash component of the Acquisition consideration;
- costs of the Capital Raising and Acquisition;
- cash to the balance sheet for growth initiatives.

### 1.3 Eligibility to participate in the Retail Entitlement Offer

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders (defined below). The number of New Shares to which each Eligible Retail Shareholder is entitled is shown in the personalised Entitlement and Acceptance Form.

Directors and other related parties who are Eligible Retail Shareholders may participate in the Retail Entitlement Offer.

“Eligible Retail Shareholders” are those persons who:

- are not an Eligible Institutional Shareholder invited to participate in the Institutional Entitlement Offer, and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer;
- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Friday, 30 April 2021;

- have a registered address on the Company's Share Registry in Australia or New Zealand, or are Institutional Investors in another Permitted Jurisdiction;

- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and

- are eligible under all applicable securities laws to receive and participate in the Entitlement Offer.

By submitting an Entitlement and Acceptance Form or making a payment via BPAY, you will be taken to have represented and warranted that you satisfy each of the criteria to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice on how to proceed.

Determination of the eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal requirements, logistical and registry constraints, and the discretion of the Company. Ai-Media and the Underwriters disclaim any liability in respect of the exercise or otherwise of that determination and discretion, to the maximum extent permitted by law.

Ai-Media may (in its absolute sole discretion) extend the Retail Entitlement Offer to any institutional shareholder who was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Entitlement Offer (subject to compliance with applicable laws).

### 1.4 Entitlements and acceptance

Details of how to apply under the Retail Entitlement Offer are set out in Section 2 of this Retail Offer Booklet.

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer is determined on the Record Date and is set out in the personalised Entitlement and Acceptance Form. Shareholders will not be permitted to apply for New Shares in excess of their Entitlement.

The Directors reserve the right to reject any Application that they believe comes from a person who is not an Eligible Retail Shareholder.

### 1.5 Entitlements trading

While your Entitlement is renounceable, there will be no trading of Retail Entitlements on ASX and Entitlements cannot be sold or otherwise transferred directly to another person. All Entitlements not taken up under the Retail Entitlement Offer and Retail Entitlements that would have been issued to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer will be offered for sale through the Retail Shortfall Bookbuild (discussed below).

### 1.6 Retail Shortfall Bookbuild

Retail Entitlements which are not taken up by close of the Retail Entitlement Offer, and Retail Entitlements of Ineligible Retail Shareholders, will be sold through the Retail Shortfall Bookbuild. Any Retail Premium (being any amount paid in respect of those Entitlements sold into the Retail Shortfall Bookbuild) will be remitted proportionally to such Shareholders on or about Thursday, 27 May 2021 net of any applicable withholding tax.

Retail Premium amounts, if any, will be paid in Australian dollars or in an elected foreign currency based on your nominated bank account. You will be paid by direct credit to the nominated bank account as noted on Ai-Media's share register.

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements sold into the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium. To the maximum extent permitted by law, the Company, the Underwriters and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, for any difference between the Retail Premium and Institutional Premium and for any failure to obtain any particular exchange rate, or any movements in exchange rates, if exchanging the Retail Premium into an elected foreign currency. The Company reserves the right to issue Entitlements under the Retail Shortfall Bookbuild at its discretion.

You should note that if you allow all or part of your Entitlement to lapse and be sold into the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares and your percentage shareholding in the Company will be diluted by non-participation in the Retail Entitlement Offer.

### 1.7 Reconciliation

The Entitlement Offer is a complex structure and in some cases investors may believe that they owned more Shares on the Record Date than they do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement.

Ai-Media may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Ai-Media reserves the right to reduce the number of an Entitlement or New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their entitlement claims, or if they are Ineligible Shareholders.

### 1.8 Underwriting

The Entitlement Offer is fully underwritten by the Underwriters, Bell Potter Securities Limited and Morgans Corporate Limited.

The Underwriters are not related parties of the Company for the purposes of the ASX Listing Rules and Corporations Act.

A summary of the underwriting arrangements for the Entitlement Offer is set out in Section 3.5.

## 1.9 Capital Structure

| Capital Structure | |
|---|---|
| Subject to rounding of fractional Entitlements, the capital structure of Ai-Media following the issue of New Shares under the Capital Raising and Acquisition is expected to be as follows: | |
| Shares on issue as at 28 April 2021 (announcement of the Capital Raising) | 144,799,748 |
| New Shares to be issued under the Capital Raising | 50,008,593 |
| Consideration Shares to be issued in connection with the Acquisition<br>*Note: subject to Shareholder approval* | 14,630,017 |
| **Total Shares on issue (expected) following completion of the Capital Raising and the issue of Consideration Shares** | 209,438,358 |

## 1.10 Potential effect of the Entitlement Offer on control of the Company

The potential effect that the Entitlement Offer will have on the control of Ai-Media, and the consequences of that effect, will depend on a number of factors, including investor demand and existing shareholdings. The issue of Shares under the Entitlement Offer is not expected to have a material effect or consequence on the control of Ai-Media given:

- the Entitlement Offer is structured as a pro-rata issue and is fully underwritten;
- New Shares will be issued under the Placement;
- the current level of holdings of substantial holders (based on substantial holding notices that have been given to Ai-Media and lodged with ASX on or before the date of this notice).

## 1.11 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with existing Shares. The rights and liabilities attaching to the New Shares are set out in Ai-Media's constitution, a copy of which is available on www.asx.com.au and the Company's website.

## 1.12 Quotation and Allotment

An application will be made to ASX for quotation of the New Shares.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

Allotment of New Shares under the Entitlement Offer will only be made after permission for their quotation on the ASX has been granted.

Application Monies will be held by the Company on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies in the event that monies are refunded.

### 1.13 Issue and Despatch

The expected dates for issue of New Shares offered by this Retail Offer Booklet and despatch of holding statements is specified in the 'Key dates and Entitlement Offer details' section of this Retail Offer Booklet.

Eligible Retail Shareholders who have elected to receive communications from the Company by email will be emailed the Retail Offer Booklet at their nominated email address.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

### 1.14 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Retail Offer Booklet. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### 1.15 Further information

Eligible Retail Shareholders can obtain a copy of this Retail Offer Booklet and their respective personalised Entitlement and Acceptance Form from the Company's offer website at https://AIMoffer.thereachagency.com during the Retail Entitlement Offer period. Eligible Retail Shareholders will need to provide their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode to access their personalised Entitlement and Acceptance Form on the Company's offer website.

A copy of this Retail Offer Booklet can also be obtained online from the ASX website at www.asx.com.au. However, the electronic version of this Retail Offer Booklet on the ASX website does not include the personalised Entitlement and Acceptance Form.

Persons who access the electronic version of this Retail Offer Booklet and Entitlement and Acceptance Form should ensure that they download and read the entire Retail Offer Booklet and Entitlement and Acceptance Form.

In addition, paper copies of this Retail Offer Booklet and the personalised Entitlement and Acceptance Form can be requested by calling the Ai-Media Offer Information Line on 1300 855 080 (from within Australia) and +61 3 9415 4000 (from outside Australia) at any time from 8.30am to5.00pm (Sydney time) Monday to Friday during the Entitlement Offer period.

## 2 How to apply

### 2.1 What Eligible Retail Shareholders may do

The number of New Shares to which you are entitled is shown in your personalised Entitlement and Acceptance Form (obtained online via https://AIMoffer.thereachagency.com).

You may:

(a) take up part or all of your Entitlement (refer to Section 2.2); or

(b) do nothing in respect of part or all of your Entitlement and let it be offered for sale in the Retail Shortfall Bookbuild (refer to Section 2.3).

Details on how to pay for your Entitlements are set out in Section 2.5.

### 2.2 Taking up part or all of your Entitlement

If you wish to take up part or all of your Entitlement, please pay your Application Monies via BPAY by following the instructions set out in your personalised Entitlement and Acceptance Form.

Please allow enough time so that Application Monies are received by the Share Registry by no later than 5.00pm (Sydney time) on Friday, 14 May 2021.

Ai-Media reserves the right (in its absolute discretion) to reduce the number of New Shares issued (or any Retail Premium paid to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders), if it believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Company's satisfaction.

Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlement as set out in their Entitlement and Acceptance Form.

### 2.3 Let your Retail Entitlement be sold on the Retail Shortfall Bookbuild

Any of your Entitlements which you do not take up will be sold through the Retail Shortfall Bookbuild on Friday, 21 May 2021 to sophisticated and professional investors. You will receive the Retail Premium (if any) in respect of the amount of your Entitlement sold through the Retail Shortfall Bookbuild.

By allowing your Entitlement to be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Your percentage shareholding in Ai-Media will also be diluted.

### 2.4 Ineligible Retail Shareholders

Ineligible Retail Shareholders will receive the Retail Premium (if any) for Entitlements that have been sold on their behalf into the Retail Shortfall Bookbuild.

### 2.5 Payment for your Entitlement

You are required to pay your Application Monies by BPAY.

Cash, cheque and money order payments will not be accepted. Receipts for payment will not be issued.

Ai-Media will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

Please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be authorised as valid.

Please note that by paying by BPAY:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.6 below; and

- if you do not pay for your full Entitlement you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on Friday, 14 May. 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 in the timing of when you make payment.

## 2.6 Eligible Retail Shareholder declarations

A completed Application, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form, is final.

By submitting an Entitlement and Acceptance Form or making a payment by BPAY, you will be deemed to have acknowledged, represented and warranted for the benefit of the Company and the Underwriters, on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder and:

(a) you have received and read and understand this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety;

(b) you agree to be bound by the terms and conditions of the Entitlement Offer, the provisions of this Retail Offer Booklet and Entitlement and Acceptance Form, and the Company's constitution;

(c) you authorise the Company to register you as the holder(s) of New Shares allotted to you;

(d) all details and statements in the Entitlement and Acceptance Form are complete and accurate and up to date;

(e) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;

(f) you accept that there is no cooling off period under the Retail Entitlement Offer and that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;

(g) you agree to apply for and be issued up to the number of New Shares for which you have submitted payment of any Application Monies via BPAY, at the Offer Price per New Share;

(h) you authorise the Company, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;

(i) you acknowledge and agree that:

(i) determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the Underwriters;

(ii) each of the Company and the Underwriters, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;

(j) you declare that you are the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you and you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Institutional Shareholder under the Institutional Entitlement Offer and are otherwise eligible to participate in the Retail Entitlement Offer;

(k) the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

(l) this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;

(m) you acknowledge the statement of risks in the "Risk factors" section of the Investor Presentation (refer to Annexure B), and that investments in the Company are subject to risks, not all of which are disclosed in this Retail Offer Booklet;

(n) you acknowledge that none of the Company or the Underwriters or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers,

guarantees the performance of the Company, nor do they guarantee the repayment of capital;

(o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;

(p) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;

(q) for the benefit of the Company, the Underwriters and their respective related bodies corporate and affiliates, you are not an Ineligible Shareholder and you are eligible to participate in the Entitlement Offer;

(r) the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;

(s) you are an Eligible Retail Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares or Entitlements under the Retail Entitlement Offer;

(t) you acknowledge that the New Shares and Entitlements have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;

(u) you are subscribing for or purchasing the New Shares and Entitlements outside the United States in an "offshore transaction" as defined and in compliance with Regulation S under the US Securities Act;

(v) you and each person on whose account you are acting have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand (except nominees and custodians may distribute such materials to Institutional Investors in Permitted Jurisdictions)if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;

(w) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form:

  (i) is resident in Australia or New Zealand or is an Institutional Investor in another Permitted Jurisdiction; and

  (ii) is not in the United States or elsewhere outside the Permitted Jurisdictions; and

(x) you make all other representations and warranties set out in this Retail Offer Booklet.

## 2.7 Nominees, Trustees and Custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participated under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

(a) beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;

(b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);

(c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or

(d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or other jurisdiction outside Australia or New Zealand, except to Institutional Investors in other Permitted Jurisdictions.

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares or Entitlements. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws.

## 2.8 Withdrawal of the Entitlement Offer

Subject to applicable law, the Company reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Ai-Media will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Ai-Media.

# 3 Important information

## 3.1 Information and Representations

This Retail Offer Booklet (together with the Entitlement and Acceptance Form) has been prepared by the Company.

There may be additional announcements made by the Company after the date of this Retail Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of, your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company (by visiting the ASX website at www.asx.com.au, or the Company's website at www.ai-media.tv) before submitting your Application.

No party other than the Company has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer not contained in this Retail Offer Booklet.

Any information or representation not contained in this Retail Offer Booklet may not be relied on as having been authorised by the Company, the Underwriters, or any of their respective related bodies corporate, in connection with the Entitlement Offer. The Underwriters and their representatives, to the maximum extent permitted by law, expressly disclaim any responsibility or liability for the contents of this Retail Offer Booklet.

## 3.2 Not a prospectus

Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form is a prospectus for the purposes of the Corporations Act and has not been lodged with ASIC. These documents do not contain the type of information which would be required to be included in a prospectus.

Accordingly, the level of disclosure contained in this Retail Offer Booklet is significantly less than required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and all disclosures made to the ASX and should consult their professional advisors before deciding to accept the Entitlement Offer.

## 3.3 Foreign Jurisdictions – restrictions and limitations

This Retail Offer Booklet has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country outside Australia.

***New Zealand***

The Entitlements and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. The offer of New Shares is renounceable.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure

statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

***United States***

This Entitlement Offer does not constitute an offer in the United States, nor does it constitute an offer to a person the United States or a person acting for the account or benefit of a person in the United States.

The New Shares and the Entitlements have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The New Shares and the Entitlements may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### 3.4 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Company has determined, in reliance of ASX Listing Rule 7.7.1, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to:

(a) the small number of Ineligible Shareholders as a proportion of the total Shareholders;

(b) the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and

(c) the cost of complying with the legal and regulatory requirements in the overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand unless those Shareholders would be eligible under all applicable securities laws to receive an offer of, and be issued, New Shares under the Entitlement Offer without lodgement, filing or registration of the Entitlement Offer or any document issued in connection with the Entitlement Offer with any regulatory authority.

Where this Retail Offer Booklet has been dispatched to an Ineligible Shareholder and where that jurisdiction's law, code or legislation prohibits or restricts in any way the making of the Entitlement Offer, this Retail Offer Booklet is provided for information purposes only.

### 3.5 Summary of the underwriting arrangements for the Entitlement Offer

The Underwriters have agreed to jointly manage and fully underwrite the Entitlement Offer on the terms set out in an underwriting agreement dated 28 April 2021 between the Underwriters and the Company (**Underwriting Agreement**).

As is customary with these types of arrangements:

(a) the Underwriting Agreement includes a number of termination events (in certain circumstances, having regard to the materiality of the relevant event), including (but not limited to) if:

(i) there are material disruptions in financial or economic conditions in key markets, or hostilities commence or escalate in certain key countries;

(ii) there are certain delays in the timetable for the Entitlement Offer without the Underwriters' consent;

(iii) any of the Entitlement Offer documents (including this Retail Offer Booklet and all ASX announcements made in connection with the Entitlement Offer) is not legally compliant (including because it is or becomes misleading or deceptive);

(iv) the Entitlement Offer contravenes any applicable law or requirement;

(v) the Company fails to perform any of its material obligations under the Underwriting Agreement.

(b) the Company has agreed, subject to certain carve-outs, to indemnify the Underwriters, their respective affiliates and related bodies corporate, and each of their respective directors, officers, partners and employees against any losses they may suffer or incur in connection with the Entitlement Offer;

(c) the Company and the Underwriters have given certain representations, warranties and undertakings in connection with the Entitlement Offer;

(d) the Underwriters will receive, in aggregate:

(i) an underwriting fee equal to 3.25% of the gross Entitlement Offer proceeds; and

(ii) a management fee of 1.00% of the gross Entitlement Offer proceeds,

to be shared between them on an equal basis; and

(e) the Underwriters are entitled to reimbursement of certain costs and expenses.

Further information in relation to the Underwriting Agreement is provided in the Investor Presentation (Annexure B).

### 3.6 Risks

The Investor Presentation (Annexure B) details important factors and risks that could affect the financial and operating performance of the Company. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

### 3.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

### 3.8 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

### 3.9 No guarantees of future performance

The Company, the Underwriters, their representatives or any other person, do not warrant or guarantee the future performance of the Company or any return on any investment made under this Entitlement Offer.

### 3.10 No investment advice

This Entitlement Offer is being made pursuant to the provisions of the Corporations Act which allow pro rata entitlement offers to be made without a prospectus. This Retail Offer Booklet does not constitute financial product advice and has been prepared without taking into account Eligible Shareholders' investment objectives, financial circumstances or particular needs. The Retail Offer Booklet does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. Before deciding whether to apply for New Shares, each Eligible Shareholder should consider whether the Company is a suitable investment for them in light of their own investment objectives and financial circumstances and should consider seeking professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to invest.

### 3.11 Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares or Entitlements. Section 4 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. The Company recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer. The potential tax effects of participating in the Entitlement Offer will vary between investors.

### 3.12 Governing Law

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms or payment via BPAY are governed by the laws applicable in New South Wales, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

### 3.13 Privacy

If you make a payment by BPAY, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Shareholders can access, correct and update the personal information that is held about them, by contacting the Share Registry.

Collection, maintenance and disclosure of certain personal information is governed by legislation, including the *Privacy Act 1988* (Cth) and the Corporations Act. You should note that if all information required on the Entitlement and Acceptance Form is not provided, the Company may not be able to accept or process your Application.

### 3.14 Continuous Disclosure

The Company is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Ai-Media has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Ai-Media Shares. That information is available to the public from ASX.

# 4 Australian Tax Implications

## 4.1 General

This section is a general summary of the Australian income tax, goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders.

Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- are subject to the "taxation of financial arrangements" rules (commonly referred to as the TOFA rules) in Division 230 of the Income Tax Assessment Act 1997 in relation to your holding of Shares, Retail Entitlements or New Shares; or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme.

If you are such a shareholder or holder of Retail Entitlements, you should seek your own independent professional tax advice applicable to your particular circumstances.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. It is strongly recommended that you seek your own independent professional tax advice applicable to your particular circumstances. Neither the Company nor any of its officers or employees, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

## 4.2 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

## 4.3 Entitlements sold into the Retail Shortfall Bookbuild

Eligible Retail Shareholders who do not take up their Entitlements will have their Entitlements sold on their behalf in the Retail Shortfall Bookbuild, and any Retail

Premium from the sale remitted to them, net of any expenses or applicable withholding tax.

In *Taxation Ruling TR 2017/4*, the Commissioner has stated that such a sale should constitute a CGT event to the Eligible Retail Shareholder and be dealt with under the CGT provisions in the manner set out in section 4.2 above, and the Retail Premium received by the Eligible Retail Shareholder should constitute the capital proceeds in respect of the sale. The Commissioner has also confirmed that Retail Premiums paid to the Eligible Retail Shareholders are not ordinary income, or a dividend, for tax purposes.

### 4.4 Exercise of Entitlements

No income tax liability will arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Entitlement, you will acquire New Shares with a cost base for CGT purposes equal to the Offer Price payable by you for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

New Shares will be taken to have been acquired on the day you exercise the Entitlements for CGT purposes.

### 4.5 Dividends on New Shares as a result of Entitlements taken up

Any future dividends or other distributions made in respect of New Shares will generally be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

### 4.6 Disposal of New Shares

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a capital gain if the capital proceeds on disposal exceed the cost base of the New Share. You will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share. The cost base of New Shares is described above.

Individuals, trustees or complying superannuation entities that have held New Shares for 12 months or more at the time of disposal may be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any current year or carry forward capital losses). The CGT discount factor is 50% for individuals and trustees and 33 1/3% for complying superannuation entities.

New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Entitlement. Accordingly, in order to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that you exercised your Entitlement.

If you make a capital loss, you can only use that loss to offset other capital gains, i.e. the capital loss cannot be used to offset other assessable income. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

### 4.7 Other Australian taxes

No GST or stamp duty will be payable by you in respect of the issue, sale (in the Retail Shortfall Bookbuild) or taking up of Entitlements or the acquisition of New Shares.

However, you may be restricted in claiming input tax credits for expenses incurred in relation to these transactions.

## 5 Glossary

| Term | Meaning |
|---|---|
| **$** | Australian dollars. |
| **Acquisition** | The acquisition of EEG Enterprises, Inc. by Ai-Media. |
| **Applicant** | A person who has applied to subscribe for New Shares under the Entitlement Offer. |
| **Application** | An Entitlement and Acceptance Form submitted by an Eligible Shareholder, to be made by payment of the Application Monies by BPAY. |
| **Application Monies** | The aggregate money payable for New Shares applied for by an Applicant. |
| **ASIC** | Australian Securities and Investments Commission. |
| **ASX** | ASX Limited (ACN 008 624 691) or the financial market operated by it. |
| **ASX Listing Rules** | The official listing rules of the ASX, as amended from time to time. |
| **CHESS** | The clearing house electronic sub register system, an automated transfer and electronic settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form. |
| **Company** or **Ai-Media** | Access Innovation Holdings Limited ACN 122 058 708. |
| **Corporations Act** | *Corporations Act 2001* (Cth). |
| **Director** | A director of the Company. |
| **Eligible Institutional Shareholder** | A Shareholder at the Record Date, being an institutional, professional or sophisticated Shareholder who was successfully invited to participate in the Institutional Entitlement Offer (as determined by the Company and the Underwriters in their discretion) |
| **Eligible Retail Shareholder** | As defined in section 1.3 of the Retail Offer Booklet. |
| **Eligible Shareholder** | A Shareholder at the Record Date who is not an Ineligible Retail Shareholder or an Ineligible Institutional Shareholder and who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder. |
| **Entitlement** | The number of New Shares that an Eligible Shareholder is entitled to apply for under the Entitlement Offer (on the basis of 1 New Share for every 5.79 Shares held on the Record Date). |
| **Entitlement and Acceptance Form** | The personalised Entitlement and Acceptance Form which can be obtained online via https://AIMoffer.thereachagency.com and which accompanies this Retail Offer Booklet. |
| **Entitlement Offer** | The Institutional Entitlement Offer and the Retail Entitlement Offer. |
| **GST** | Goods and Services Tax (imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)). |

| Term | Meaning |
|---|---|
| **Ineligible Institutional Shareholder** | A Shareholder at the Record Date, being an institutional or sophisticated Shareholder who:<br>(a) has a registered address which is not in Australia or New Zealand;<br>(b) is in the United States or acting for the account or benefit of a person in the United States;<br>(c) is ineligible under any applicable securities laws to receive an offer under the Entitlement Offer; or<br>(d) is deemed to be ineligible as determined by the Company and the Underwriters. |
| **Ineligible Retail Shareholder** | A Shareholder at the Record Date who:<br>(a) is not an Eligible Institutional Shareholder, Ineligible Institutional Shareholder or Eligible Retail Shareholder;<br>(b) has a registered address which is not in Australia or New Zealand;<br>(c) is in the United States or acting for the account or benefit of a person in the United States; or<br>(d) is ineligible under any applicable securities laws to receive an offer under the Entitlement Offer. |
| **Ineligible Shareholder** | An Ineligible Retail Shareholder or Ineligible Institutional Shareholder. |
| **Institutional Entitlement** | The number of New Shares that an Eligible Institutional Shareholder is entitled to apply for under the Institutional Entitlement Offer. |
| **Institutional Entitlement Offer** | The pro rata accelerated renounceable entitlement offer to Eligible Institutional Shareholders. |
| **Institutional Investor** | An institutional or professional investor in the Permitted Jurisdictions outside Australia and New Zealand, and in particular:<br>(a) if in **Hong Kong**, is a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;<br>(b) if in **Singapore**, is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA"));<br>(c) if in the **United Kingdom**, is (i) a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing Section 86(7) of the UK Financial Services and Markets Act 2000; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended. |
| **Institutional Premium** | The proceeds in excess of the Offer Price (per underlying Share) in respect of Institutional Entitlements sold in the Institutional Shortfall Bookbuild. |

| Term | Meaning |
|---|---|
| **Institutional Shortfall Bookbuild** | The bookbuild process associated with the Institutional Entitlement Offer. |
| **Investor Presentation** | The investor presentation issued by Ai-Media dated 28 April 2021, attached to this Retail Offer Booklet as Annexure B. |
| **New Share** | A new Share to be issued under the Entitlement Offer. |
| **Offer Price** | $0.80 per New Share. |
| **Permitted Jurisdictions** | Each of Australia, Hong Kong, New Zealand, Singapore, and the United Kingdom. |
| **Placement** | The placement of 25.0 million new Shares at the Offer Price to raise $20.0 million, as described in the Investor Presentation. |
| **Record Date** | 7.00pm (Sydney time) on Friday, 30 April 2021. |
| **Retail Entitlement** | The number of New Shares that an Eligible Retail Shareholder is entitled to apply for under the Retail Entitlement Offer. |
| **Retail Entitlement Offer** | The pro rata renounceable offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 5.79 existing Shares which the Shareholder is the registered holder of on the Record Date, at an Offer Price of $0.80 per New Share. |
| **Retail Entitlement Offer Closing Date** | The Retail Entitlement Offer Closing Date referred to in the 'Key dates and Entitlement Offer details' section of this Retail Offer Booklet. |
| **Retail Entitlement Offer Opening Date** | The Retail Entitlement Offer Opening Date referred to in the 'Key dates and Entitlement Offer details' section of this Retail Offer Booklet. |
| **Retail Offer Booklet** | This entitlement offer information booklet in relation to the Retail Entitlement Offer, dated Wednesday, 5 May 2021. |
| **Retail Premium** | The proceeds (if any) in excess of the Offer Price (per underlying Share) in respect of Entitlements sold in the Retail Shortfall Bookbuild. |
| **Retail Shortfall Bookbuild** | The bookbuild process associated with the Retail Entitlement Offer. |
| **Share** | A fully paid ordinary share in the capital of the Company. |
| **Shareholder** | A holder of a Share. |
| **Share Registry** | Computershare Investor Services Pty Limited |
| **Underwriters** | Bell Potter Securities Limited ACN 006 390 772 and Morgans Corporate Limited ACN 010 539 607 |
| **Underwriting Agreement** | The underwriting agreement in respect of the Entitlement Offer dated 28 April 2021 between the Company and the Underwriters. |
| **U.S. Securities Act** | U.S. Securities Act of 1933 (as amended). |

## Corporate Directory

**Directors and Officers**
Deanne Weir
John Martin
Jonathan Pearce
Alison Loat
Tony Abrahams

**Chief Executive Officer**
Tony Abrahams

**Company Secretary**
Sue Sanossian

**Registered Office**
Level 6, 277 William Street,
Melbourne, VIC, Australia, 3000
Telephone: +61 2 8870 7700
www.ai-media.tv

**Share Registry**
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street,
Sydney, NSW, Australia, 2000
www.computershare.com/au

**ASX Announcement**
**28 APRIL 2021**

# Ai-Media to acquire US-based captioning technology leader, raise A$40m through underwritten equity raise

## Highlights

- **Binding agreement to acquire EEG Enterprises, Inc. ("EEG"), a market-leading US-based video and captioning technology company, for up to US$34m in cash and Ai-Media shares**
- **Transaction cements Ai-Media as a leading global live captioning, transcription and translation technology company**
- **Acquisition fully funded by a A$40 million Placement and Entitlement Offer that also provides balance sheet flexibility and scope for growth initiatives**
- **Ai-Media has worked closely with EEG for more than five years and is a reseller of its products outside North America**
- **EEG has achieved EBITDA margins of approximately 40 per cent and a three-year revenue CAGR of 17 per cent, with the majority of revenue in SaaS and IaaS[1]**
- **Following completion of the transaction, the combined entity is expected to be EBITDA positive (net of transaction and capital raising costs) and have A$8.9m in cash**
- **Transaction further grows Ai-Media's North American business, offering a highly complementary customer, product, industry and geographical fit**
- **EEG's ASR technology builds out Ai-Media product suite, complementing its premium human-curated services and newly launched Smart ASR™**
- **EEG's experienced management team retained, strengthening Ai-Media's US and global leadership team**
- **Ai-Media reaffirms FY21 prospectus forecasts, excluding impact of transaction and capital raising**
- **Combined pro forma Ai-Media (including EEG) FY21 revenues are estimated at A$57 million and normalised EBITDA at a loss of ($0.2 million)**

Access Innovation Holdings Limited (**Ai-Media** or **Company**) (**ASX: AIM**), a global provider of technology-driven live and recorded captioning, transcription and translation services, is pleased to announce that it has entered into a binding agreement to acquire 100 per cent of the shares in EEG Enterprises, Inc. (**EEG**) for up to US$34.0 million in cash, Ai-Media shares and potential earn-outs (**Acquisition**).

The acquisition of EEG, a leading North American provider of captioning technology, will establish Ai-Media as a vertically integrated provider of captioning technology, with a full suite of products to match customer requirements. The acquisition will be immediately earnings accretive on an EBITDA basis, while significantly increasing recurring revenue streams and delivering Ai-Media new growth opportunities, particularly in the crucial North American market.

[1] Software as a Service; Infrastructure as a Service

The Acquisition consideration is structured as follows:

- an initial cash payment of US$20.0 million on completion;
- US$10.0 million in Ai-Media shares, pending shareholder approval at an Extraordinary General Meeting to be held in June 2021; and
- an earn-out payment of up to US$4.0 million subject to EEG achieving revenue and margin growth rate hurdles, payable in cash following the release of Ai-Media's FY22 financial results.

The Acquisition will be fully funded by an equity raising of A$40.0 million, comprising an underwritten institutional placement of A$20.0 million and an underwritten accelerated renounceable entitlement offer (without retail rights trading) of A$20.0 million at a ratio of 1 new share for every 5.79 existing shares held by eligible shareholders on the record date (**Equity Raising**). The Equity Raising will be conducted at an offer price of A$0.80 per share, which represents a 14 per cent discount to Ai-Media's last closing price and a 10.8 per cent discount to the Theoretical Ex-Rights Price[2] ("**TERP**")[3].

It is anticipated that the Equity Raising will be completed by 27 May 2021. The Acquisition will complete at the time that Ai-Media pays the cash consideration of US$20.0 million to the EEG vendor (which it has 45 business days from the date of the Acquisition agreement to do). Ai-Media intends to pay the cash consideration and complete the Acquisition immediately on receipt of funds from the Institutional Entitlement Offer and Placement.

Ai-Media Co-founder and Chief Executive Officer Tony Abrahams said the acquisition of EEG represented a step change for Ai-Media, significantly strengthening its technology portfolio and opening up growth opportunities in new markets.

"Over four decades, EEG has established itself as the market-leading provider of video and captioning services in North America, serving major enterprise, government, defence and broadcast media clients. EEG's on-premises and cloud-based technology perfectly rounds out Ai-Media's live captioning product suite, complementing our premium human-curated service and our recently launched Smart ASR product to enable us to meet any customer requirement. We're delighted to welcome Phil and the entire EEG team to Ai-Media and look forward to working with them to take advantage of the growth opportunities presented by the alignment of two businesses with highly complementary products and customers and a culture of success."

EEG Chief Executive Officer Phil McLaughlin said: "Working with Ai-Media over the past five years, we have come to recognise our shared values in terms of developing proprietary technology and delivering the best products, services and support for customers. EEG and Ai-Media's technology suites are entirely complementary, allowing us to meet the full range of customer requirements. We're excited about the growth potential of the combined business and look forward to being part of this next chapter in our company's history."

**The Acquisition**

Established to serve the television broadcast industry in 1981, EEG is today a market-leading US-based video technology company with a focus on cloud-based workflow products for closed captioning, accessibility and data processing applications.

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[2] *Theoretical ex-rights price ("TERP") includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Ai-Media shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of Ai-Media plus additional equity raised) / total shares on issue following the Equity Raising.*

[3] *At 27 April 2021, Ai-Media's last closing price was A$0.93 per share and the TERP is A$0.90 per share.*

EEG's software and equipment support transcription applications in broadcasting, video post-production, streaming media, stadiums, government and education. It has 660 active customers, more than double its level in 2016, across the following three key cohorts: enterprise, including five of the top 10 largest companies by market capitalisation on the NASDAQ; government and defence, including US State and Federal bodies and defence organisations; and broadcast and media, including major US and global media companies.

EEG derives its revenue from customer subscriptions, infrastructure sales and rentals, with more than half generated through recurring SaaS and IaaS streams. It has three principal product categories:

- **Lexi:** EEG's flagship SaaS product is a cloud-hosted and on-premises automatic speech recognition (**ASR**) and captioning platform that delivers more than 90 per cent accuracy in English and Spanish based on a self-learning algorithmic structure;
- **Falcon, iCap Alta**: Cloud-hosted infrastructure (IaaS) that provides video caption encoding for live broadcast and live enterprise applications; and
- **iCap Local, iCap Encoder**: On-premises video caption encoding for live broadcast and live entertainment applications, delivered via outright purchase or rental agreements.

For FY21, EEG is expected to deliver pro forma revenue[4] of $US8.9 million and EBITDA of $US3.3 million.

With a relationship established over the past five years, EEG and Ai-Media share a strong cultural alignment with a focus on high-quality customer service and proprietary technology.

EEG's ASR technology, which uses self-learning algorithms to provide captioning with significantly greater accuracy and confidence than off-the-shelf ASR products, will complement Ai-Media's existing technologies, and has been developed in-house over the past two decades.

Ai-Media's tiered live captioning services will range from its premium human-curated service, which offers world-leading levels of accuracy, its new Smart ASR product, which combines artificial intelligence and machine learning automation with a final layer of human-curated session-specific custom ASR dictionaries, to EEG's fully automated products.

Ai-Media believes the Acquisition opens up significant opportunities to up-sell and cross-sell products and services to a wider customer group, in particular in the North American market, where EEG generates 95 per cent of its revenue and where Ai-Media is delivering strong growth through acquisitions and major customer wins.

EEG represents Ai-Media's fourth acquisition of a US-based entity in the past 12 months, following the successful integration of ACS in calendar year 2020 and the acquisition in January 2021 of Caption IT and CaptionAccess.

Following completion of the Acquisition and Equity Raising, it is anticipated that the combined entity will be immediately EBITDA positive and will have A$8.9 million of cash available, providing balance sheet flexibility and scope to fund future growth initiatives.

Excluding the impact of the Acquisition and Equity Raising, Ai-Media reaffirms its FY21 prospectus forecast, including Services revenue of A$43.8 million, gross profit of A$18.1 million and pro forma EBITDA loss of (A$4.8 million). The completion of the acquisitions of

[4] Adjusted for IFRS

Caption IT and CaptionAccess provides upside to this forecast, with revenue of US$1.1 million expected from these businesses in the second half of FY21.

Ai-Media achieved EBITDA break even in the month of March. On a pro forma basis, the combined entity, including EEG, is forecast to deliver FY21 revenues of approximately A$57 million and a normalised EBITDA loss of approximately (A$0.2 million).

Under the terms of Acquisition, Ai-Media will issue to the vendors approximately 14.6 million shares at an effective issue price of A$0.876 per share (**Consideration Shares**), subject to shareholder approval at an Extraordinary General Meeting to be held in mid-June 2021. The Consideration Shares will be subject to voluntary escrow, with one third to be released on every anniversary of the issue date. A Notice of Meeting for the EGM will be despatched to shareholders shortly.

**The Equity Raising**

The Equity Raising will raise A$40 million via the issue of new, fully paid ordinary shares ("**New Shares**") and is fully underwritten. It will be conducted via:

- an institutional placement of A$20 million ("**Placement**"); and
- an accelerated renounceable entitlement offer (without retail rights trading) of A$20 million ("**Entitlement Offer**") at a ratio of 1 New Share for every 5.79 existing shares held by eligible shareholders at the record date of 7pm (Sydney time) on 30 April 2021.

The Entitlement Offer comprises an accelerated institutional component ("**Institutional Entitlement Offer**") and a retail component ("**Retail Entitlement Offer**").

The offer price for the Placement and the Entitlement Offer is A$0.80 per New Share ("**Offer Price**"), representing:

- a 14 per cent discount to the closing price of AIM shares on ASX of A$0.93 on 27 April 2021; and
- a 10.8 per cent discount to the TERP of A$0.90.

The Equity Raising will result in the issue of 50 million New Shares, representing approximately 34.5 per cent of Ai-Media's existing shares on issue. The New Shares will rank equally with existing Ai-Media shares as at their date of issue.

Bell Potter Securities Limited and Morgans Corporate Limited are Joint Lead Managers and Underwriters to the Capital Raising. The Placement and Entitlement Offer are fully underwritten by the Joint Lead Managers.

The Entitlement Offer is renounceable, however there will be no ASX trading of the rights and the rights are not transferable. Any rights not taken up in either the Institutional Entitlement Offer or the Retail Entitlement Offer will be sold via a bookbuild at the completion of each component of the Entitlement Offer, or subscribed for by the Joint Lead Managers. If the price of the rights and underlying New Shares offered for sale in the bookbuilds clears at a price above the Offer Price, the net proceeds will be remitted to ineligible and renouncing shareholders.

**Placement**

The New Shares offered under the Placement will be issued at the same price as New Shares issued under the Entitlement Offer (A$0.80 per New Share).

The Placement is being undertaken utilising the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A.

New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

**Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place on Wednesday 28 April 2021.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their entitlements. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild on Thursday 29 April 2021 and any proceeds in excess of the Offer Price will be paid to the relevant Ai-Media shareholders (net of any withholding tax and expenses).

**Retail Entitlement Offer**

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (Sydney time), 30 April 2021, will be entitled to participate in the Retail Entitlement Offer at the same Offer Price as the Institutional Entitlement Offer and Placement (A$0.80 per New Share), on the terms and conditions outlined in the Retail Offer Booklet to be sent to eligible retail shareholders on 5 May 2021.

Eligible retail shareholders have two options under the Retail Entitlement Offer:

- elect to take up all or part of their entitlements by the Retail Entitlement Offer closing date of 5:00pm (Sydney time) on Friday, 14 May 2021; or
- do nothing and let their entitlements be offered for sale through the retail shortfall bookbuild process managed by the Joint Lead Managers, with any proceeds in excess of the Offer Price paid to the relevant Ai-Media shareholders (net of any withholding tax and expenses).

Entitlements that would otherwise be offered to ineligible retail shareholders will be sold through a retail shortfall bookbuild on Friday, 21 May 2021 and any proceeds in excess of the Offer Price will be paid to the relevant Ai-Media shareholders (net of any withholding tax and expenses).

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Offer Booklet.

**Equity Raising indicative timetable**

| Event | Date (2021)[(1)] |
|---|---|
| Announcement of Offer (in trading halt) | Wednesday, 28 April |
| Placement and Institutional Entitlement Offer opens | Wednesday, 28 April |
| Placement and Institutional Entitlement Offer closes | Wednesday, 28 April |
| Institutional Entitlement Offer shortfall bookbuild | Thursday, 29 April |
| Trading halt lifted and announcement of results of Institutional Entitlement Offer | Friday, 30 April |
| Record date for Retail Entitlement Offer (7:00pm Sydney time) | Friday, 30 April |
| Retail Entitlement Offer opens | Wednesday, 5 May |
| Retail Offer booklet dispatched | Wednesday, 5 May |
| Settlement of Placement, Institutional Entitlement Offer and Institutional Entitlement Offer shortfall | Friday, 7 May |
| Allotment date and normal trading of New Shares issued under the Institutional Entitlement Offer and Institutional Entitlement Offer shortfall | Monday, 10 May |
| Retail Entitlement Offer closes (5:00pm Sydney time) | Friday, 14 May |
| Announcement of results of the Retail Entitlement Offer | Wednesday, 19 May |
| Retail Entitlement Offer shortfall bookbuild | Friday, 21 May |
| Announcement of results of Retail Entitlement Offer shortfall bookbuild | Monday, 24 May |
| Settlement of Retail Entitlement Offer and Retail Entitlement Offer shortfall | Tuesday, 25 May |
| Allotment of New Shares and Additional New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall | Wednesday, 26 May |
| New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall commence trading on ASX | Thursday, 27 May |
| Dispatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall | Thursday, 27 May |
| General Meeting of Shareholders to approve the issue of Consideration Shares to the EEG vendor | mid-June |

(1) The above timetable is indicative and subject to variation. Ai-Media reserves the right to withdraw or amend the Equity Raising (or any part of it) or alter the timetable at its absolute discretion and without notice, subject to ASX Listing Rules, the Corporations Act and other applicable law. All dates and times refer to Sydney, Australia time.

**Market Briefing**

Ai-Media will conduct a market briefing at 11:30am (Sydney time) today, 28 April 2021.

**Webinar**

Join Link: https://publish.viostream.com/app/s-dfpub3k

**ENDS**

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*This ASX announcement was authorised for release by Ai-Media's Board of Directors*

**About Ai-Media**

Founded in Australia in 2003, technology company Ai-Media has become a global leader in the provision of high-quality live and recorded captioning, transcription and translation services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text accuracy. The company is the biggest captioning provider in the Australian market, with clients including major free-to-air and pay television networks, and has a growing international footprint, with offices in Australia, the US, UK and Canada. Globally, it provides captioning for around 1 million minutes of live and recorded media content, and online events and web streams, every month. Ai-Media (ASX:AIM) commenced trading on the ASX on 15 September 2020.

For more information on Ai-Media please visit https://www.ai-media.tv/

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## Annexure B – Investor Presentation

# Acquisition of EEG and Capital Raising

28 April 2021

Confidential

# Important Notice and Disclaimer

**Important notice and disclaimer**

This investor presentation (**Presentation**) has been prepared by Access Innovation Holdings Limited (ACN 122 058 708) (**Ai-Media, AIM** or the **Company**) and is dated 28 April 2021. This Presentation has been prepared in relation to a fully underwritten 1 for 5.79 pro-rata accelerated renounceable entitlement offer of new ordinary fully paid shares in Ai-Media (**New Shares**) (**Entitlement Offer**) in addition to an institutional placement (**Placement,** together the **Capital Raising**).

The Capital Raising is to be made under sections 708A and 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission (**ASIC**).

The Entitlement Offer will be made to:

- eligible institutional shareholders of Ai-Media, on an accelerated basis (**Institutional Entitlement Offer**); and
- eligible retail shareholders of Ai-Media (**Retail Entitlement Offer**).

**Summary information**

This Presentation contains summary information about Ai-Media and its activities which is current only at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Ai-Media or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

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All financial information in this Presentation is in Australian currency (A$) unless otherwise stated.

The financial information in this Presentation that relates to Ai-Media is based on:

(i) the forecast financial information contained in the Company's prospectus dated 10 August 2020;

(ii) Ai-Media's 30 June 2020 full year audited accounts and 31 December 2020 half year reviewed accounts; and

(iii) the information contained in Ai-Media's Appendix 4C dated 28 April 2021.

The Ai-Media financial information is presented in accordance with IFRS.

The financial information in this Presentation that relates to EEG Enterprises, Inc. (**EEG**) is based on unaudited financial information provided by EEG for reporting periods up to and including 31 December 2020 (and management accounts provided for the period after 31 December 2020).

The financial information contained in this Presentation has not been audited or reviewed in accordance with the Australian Accounting Standards.

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Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition, the future performance and financial position of Ai-Media, estimated net synergies after the acquisition, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

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Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice.

**You acknowledge and agree that:**

- determination of eligibility of investors for the purposes of the institutional and retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Ai-Media and the Underwriters; and
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# Transaction Overview

# Key Transaction Highlights

- ✓ Binding agreement to acquire 100% of EEG Enterprises, a **market leading North American video and captioning technology company**
  - **AIM has worked closely with EEG for over five years** and is a reseller of their products outside North America
- ✓ Post-transaction, AIM will become a **leading global vertically integrated**, live captioning, transcription and translation technology company
- ✓ Combined entity is expected to be **EBITDA positive** from completion (pre-synergies and net of transaction costs)
  - majority of EEG revenue is **SaaS/IaaS** and growing as a share of total revenue
  - EEG's product mix complements AIM's recent *Smart ASR*™ product launch
- ✓ Further increases the size of **AIM's North American business**, and offers a highly complementary customer, product, industry and geographical fit
- ✓ Opportunity to leverage EEG's software and hardware across AIM's business, **enhancing global product offering** and sales pipelines
- ✓ **Strong cultural alignment** with focus on high quality, customer service and proprietary technology
- ✓ EEG's **experienced management team retained**, strengthening AIM's US and global leadership team
- ✓ A$40 million Placement & Entitlement Offer to fund the acquisition, integration and capital raising costs, provide balance sheet flexibility and scope for further growth initiatives

# Transaction overview

| | |
|---|---|
| **Transaction details** | • Access Innovation Holdings Limited (**Ai-Media** or **AIM**) has entered into a binding agreement to acquire 100% of the shares on issue in EEG Enterprises, Inc (**EEG**) at an implied enterprise value of up to USD$34.0 million (**Acquisition** or the **Transaction**) on a cash-free and debt-free basis<br>• Consideration consists of USD$20.0m in cash, USD$10.0m in AIM shares (subject to AIM shareholder approval for ASX Listing Rule 7.1 purposes) (**Consideration Shares**) and up to USD$4.0m to be paid in cash as an earn-out following the release of AIM's FY2022 financial results, subject to EEG revenue and margin growth rate hurdles<br>• The Consideration Shares will be subject to voluntary escrow: one third will be released on every anniversary of the issue date<br>• Implied Acquisition multiple of approximately 3.8x FY21F pro forma revenue, and 10x FY21F EBITDA |
| **Introduction to EEG** | • EEG is a market leading US based video technology and captioning company:<br>– provides end-to-end customer solutions from encoding, delivery and display technologies<br>• Majority of revenue derived via high margin SaaS / IaaS business model for EEG's infrastructure and software suite<br>• Market leading closed caption technology platform supplier and delivery network across North America<br>• EEG has a broad range of blue-chip customers across Enterprise, Government/Defense and Broadcast/Media<br>– EEG currently has in excess of 660 customers<br>• Pro forma revenue forecast for FY21 is USD$8.9m<br>– EEG revenue growth CAGR over three years is 17%<br>• Pro forma EBITDA forecast for FY21 is USD$3.3m |
| **Strategic rationale** | • Establishes AIM as a vertically integrated provider, increasing its touch points of essential components in the live captioning workflow<br>• Capitalises on EEG's market dominance in the US to build AIM globally<br>• Increases ongoing and repeatable revenue with SaaS / IaaS revenue streams, increases AIM blended margins, and achieves pro forma consolidated EBITDA profitability from completion<br>• Complements AIM's live products and provides it with a complete live product suite to sell globally<br>• Significant up-sell and cross-sell opportunities |

# Transaction overview

| | |
|---|---|
| **Funding** | • The Transaction and associated costs will be funded via:<br>– the issue of approximately A$12.8 million worth of Consideration Shares to the EEG vendor at an effective issue price of $0.876 per share resulting in the issue of 14.6 million Consideration Shares<br>– a fully underwritten entitlement offer and placement at an issue price of $0.80 per New Share comprising:<br>• a 1 for 5.79 pro-rata, accelerated, renounceable entitlement offer to raise $20.0 million<br>• a placement of 25.0 million New shares to raise $20.0 million |
| **Financial impact** | • Combined pro forma AIM Group (including EEG) FY21 forecast revenues are estimated at ~$57 million and normalised EBITDA[1] loss of ($0.2 million)<br>• Post-completion of the Transaction, AIM will have $8.9m ($18.9m pending payment of retentions) of available cash at bank |
| **Quarterly update** | • AIM achieved EBITDA break-even for the month of March and is expecting to achieve a cash-neutral position for the final quarter of FY21<br>• Integration of recent US acquisitions, Caption IT and Caption Access, ahead of schedule and businesses performing solidly<br>• Finalised the development of AIM's Smart ASR live captioning technology, which was launched in April, providing further momentum for the business<br>• As at 31 March 2021, AIM had $4.4m of cash at bank and is expecting a similar level at year end (excluding the impact of the Transaction and the Capital Raising) |
| **AIM outlook** | • Excluding the impact of the Transaction and Capital Raising, AIM expects its financial results for FY21 to be in line with prospectus forecasts of $43.8m in Services Revenue, $18.1m in gross margin and an EBITDA loss of ($4.8m), with an additional contribution of USD$1.1m revenue from the acquisitions of Caption IT and Caption Access completed in January 2021<br>• The AIM Group (including EEG) will be EBITDA positive from completion of the Acquisition |
| **Director participation, timing and conditions** | • All eligible directors intend to participate in the Entitlement Offer: contribution will exceed $2.3 million<br>• The Acquisition will complete at the time that AIM pays the cash consideration of US$20.0 million to the EEG vendor, which it has 45 business days from the date of the Acquisition agreement to do - AIM intends to pay the consideration on settlement of the Institutional Entitlement Offer / Placement<br>• The Acquisition is subject to standard conditions precedent, including obtaining specified consents, material compliance with the terms of the agreement, delivery of certificates and other ancillary documents, and no material adverse changes occurring |

1. Based on prospectus FY21 forecast for AIM's existing business of $43.8 million revenue and ($4.8) million EBITDA and USD$1.1 million in revenue from Caption Access and Caption IT, pro forma EEG forecast to 30 June 2021 plus normalisation adjustments including deferred revenue.

# Agenda


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# Overview of EEG

# Introduction to EEG

| | |
|---|---|
| **Overview** | • EEG is a market leading North American video and captioning technology company<br>• Provides end-to-end customer solutions from encoding, delivery and display technologies – with open platform for service providers<br>• Headquartered in Farmingdale, New York with ~30 employees |
| **IaaS / SaaS business model** | • Provided by EEG's leading iCap cloud platform, infrastructure and software suite<br>• Revenue derived from customer subscriptions and infrastructure sales and rental<br>• Automatic captioning built into appliances and growing strongly |
| **Industry leading products** | • The market leading closed caption technology platform supplier and delivery network across North America<br>• iCap network delivers the majority of all live captioning in the US delivered over IP connections<br>• Limited market presence outside North America with significant potential for global growth |
| **Top tier customers** | • 662 customers in 2020, growing from 323 in 2016, representing a 4-year CAGR of 15%<br>• **Enterprise**: Major US technology companies including five of the top ten largest companies by market capitalisation on the NASDAQ<br>• **Government/Defence**: US federal and state government and defence organisations<br>• **Broadcast/Media**: Major US and global media companies |
| **Strong growth and profitability** | • Revenue growth of 20% in CY2020 (3-year CAGR = 17%)<br>• Gross margins exceeded 80% and reported EBITDA margin of 40% in CY2020<br>• Numbers based on EEG management accounts (non-IFRS) |

# Company history

**2000**

EEG develops the first HD closed captioning encoder bridge

**2001**

EEG introduces the first HD-SDI closed caption encoder, the EN530

**2006**

EEG introduces the HD480 and the iCap™ connectivity cloud

**2012**

iCap™ usage surpasses 200,000 minutes per month

**2015**

EEG introduces the iCap™, the first virtual video live closed caption encoder

**2017**

Lexi™ automatic captioning introduced

Lexi™ On-Prem introduced

**2019**

iCap™ Network:

1 million hours of live captioning

**2020**

Enterprise applications and streaming service revenue

**2021**

SaaS/IaaS revenue becomes majority

Strong growth in IP video virtual products, cloud services and automatic cloud captioning services

# EEG's Live Broadcast Workflow

Third Party Captioning Providers

ai media · VITAC ACCESSIBILITY FOR LIFE · RED BEE · captionmax

Enhanced ASR (cloud hosted)

EEG's business

- ✓ *EEG's infrastructure enables the flow of audio and video content to captioning providers / ASR engines - and on to customers*
- ✓ *EEG's infrastructure can either be stored physically at a customer premises or in the cloud*

iCap Cloud

Audio / Video & caption streams

**Customers**
- Broadcast
- Enterprise
- Government
- Streaming

Video content

Encoder (cloud or on-premise hosted)

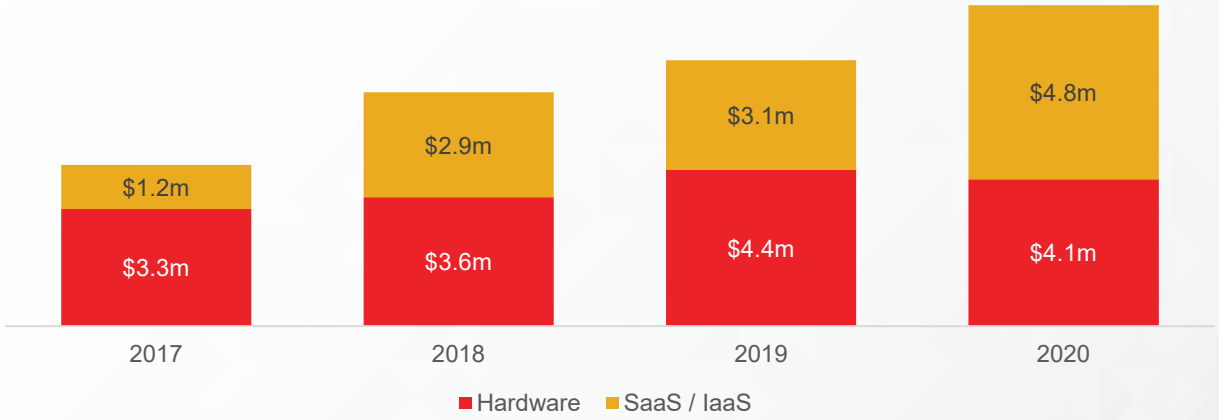
– pairs captions with video and audio stream in near real-time

Audio and video stream with formatted captions

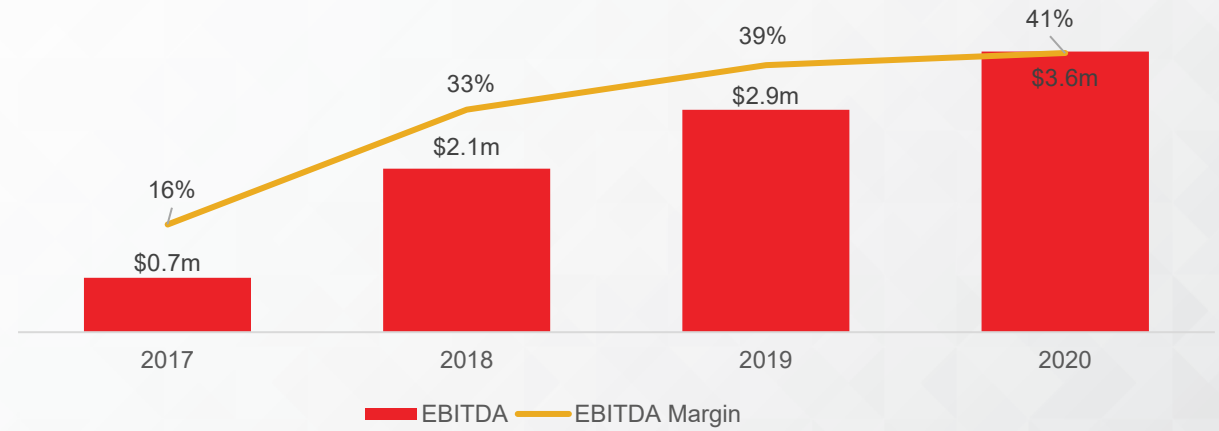
End user

# EEG is profitable and growing SaaS / IaaS product lines strongly

Revenue Split (USD$m)




EBITDA (USD$m) and EBITDA margin (%)




- ✓ *High growth business with growing proportion of repeatable revenue*
- ✓ *Consistent profitability with high and growing EBITDA margins*
- ✓ *95% of revenue based in North America with significant opportunity for global growth with AIM sales channels*

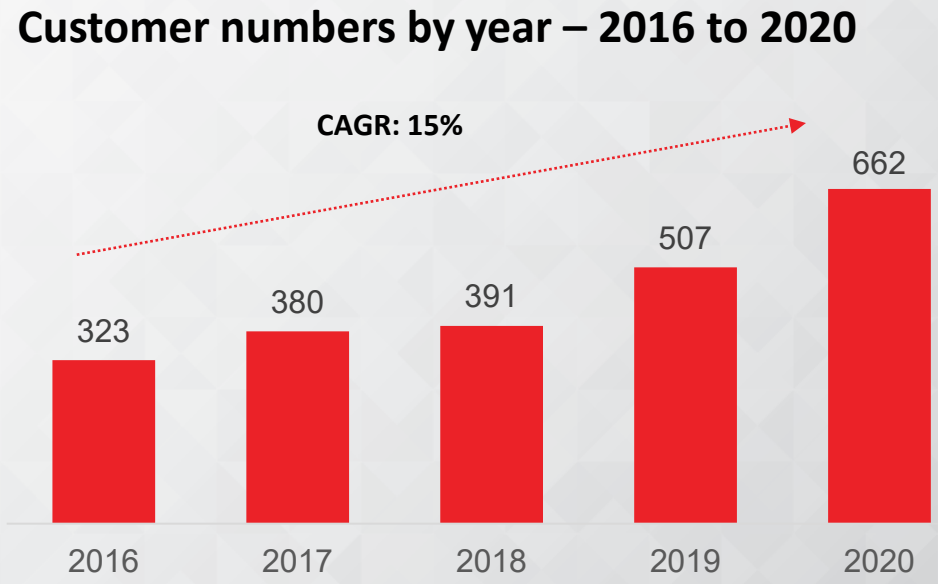
Note: Calendar Year (CY) comparisons Hardware / Saas & IaaS – management accounting unaudited non IFRS 2017 - 2020

# Core Services and Product Overview

| | Product lines | Description | Revenue Model | CY20 revenue contribution |
|---|---|---|---|---|
| SaaS | Lexi™ | Cloud-hosted and on premises automated captioning platforms that delivers over 90% accuracy in English and Spanish. Its self-learning algorithmic structure automatically learns newly available data for news and entertainment applications | SaaS service paid per hour or per month | 16% |
| IaaS | Falcon™<br>iCap Alta™ | Cloud-hosted infrastructure providing video caption encoding for both Live Broadcast and Live Enterprise | IaaS service paid per month | 37% |
| Hardware | iCap Local<br>iCap Encoder | Video caption encoder infrastructure and services for Live Broadcast and Live Enterprise streaming delivered on-premises<br><br>Inputs all types of video and audio formats and encodes with captions and distributes in any format | Outright purchase of infrastructure or rental | 47% |

# Customers

- The market leading closed caption technology platform supplier and delivery network across North America
- iCap network delivers the majority of all live captioning in the US delivered over IP connections
- The customer base can be categorised into three major segments:
  - **Enterprise**: Major US technology companies including five of the top ten largest companies by market capitalisation on the NASDAQ
  - **Government/Defence**: US federal and state government and defence organisations
  - **Broadcast/Media**: Major US and global media companies
- Customer numbers have grown from 323 in 2016 to 662 in 2020, representing a four-year CAGR of 15%



# Key Management

- Combined management team provides broader and deeper leadership capability within the North American business
- Retention arrangements for key EEG leadership – supports continuity and integration delivery



## Phil McLaughlin
**CEO**

- Joined EEG in 1995 and acquired the Company from founders in December of 2000
- Helped design and launch EEG's family of encoders and iCap™ cloud
- Prior to EEG, founded two startups and held management roles at software and hardware technology companies



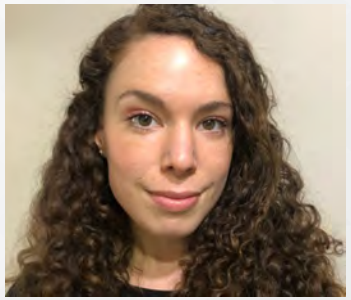
## William McLaughlin
**CTO**

- Leads EEG's product development team and oversees Company's product marketing and communication activities
- Has over 15 years of experience in software product architecture and development
- Joined EEG in 2004



## Michael Doller
**Director of Operations**

- Joined EEG in 1995 and has managed manufacturing and facilities since 2000
- Expert in electronics manufacturing, quality assurance, inventory management, and logistics



## Regina Vilenskaya
**Director of Marketing**

- Manages EEG marketing & PR, including web and digital events
- Joined EEG in 2019



## Kate Doino
**Technical Support Manager**

- Leading product expert across EEG hardware and SAAS lines
- Extensive and long-term key customer relationships
- Joined EEG through the software engineering team, in 1998



## Frank Zovko
**Embedded Systems Manager**

- Leading design and testing for EEG hardware product lines
- M.Sc. degree in electronics from Columbia University
- Joined EEG in 2009

# Acquisition rationale and impact on AIM

# Strategic rationale

## 1 Vertical integration - live caption gateway product

- EEG provides the essential pieces of captioning gateway infrastructure, critical for live broadcast and live streaming captioning services
- EEG's infrastructure allows connections from EEG customers to AIM as well as a range of other captioning service providers
- ✓ **AIM increases its touch points of essential components in the live captioning workflow**

## 2 US market leader & global growth opportunities

- EEG touches the majority of enterprise, broadcast and government customers across the US with little global sales thus far
- ✓ **Transaction is capitalising on EEG's market dominance in the US to build the business globally utilising AIM's global sales teams**




## 3 Attractive revenue model and margins

- EEG's IaaS and SaaS model represents 53% of CY20 revenue, with the remainder being hardware
- EEG's gross margins in CY20 were >80%
- ✓ **Transaction increases ongoing and repeatable revenue with the addition of SaaS/IaaS revenues**
- ✓ **Material increase in AIM blended margins**
- ✓ **Supports global growth market proposition across multiple languages**

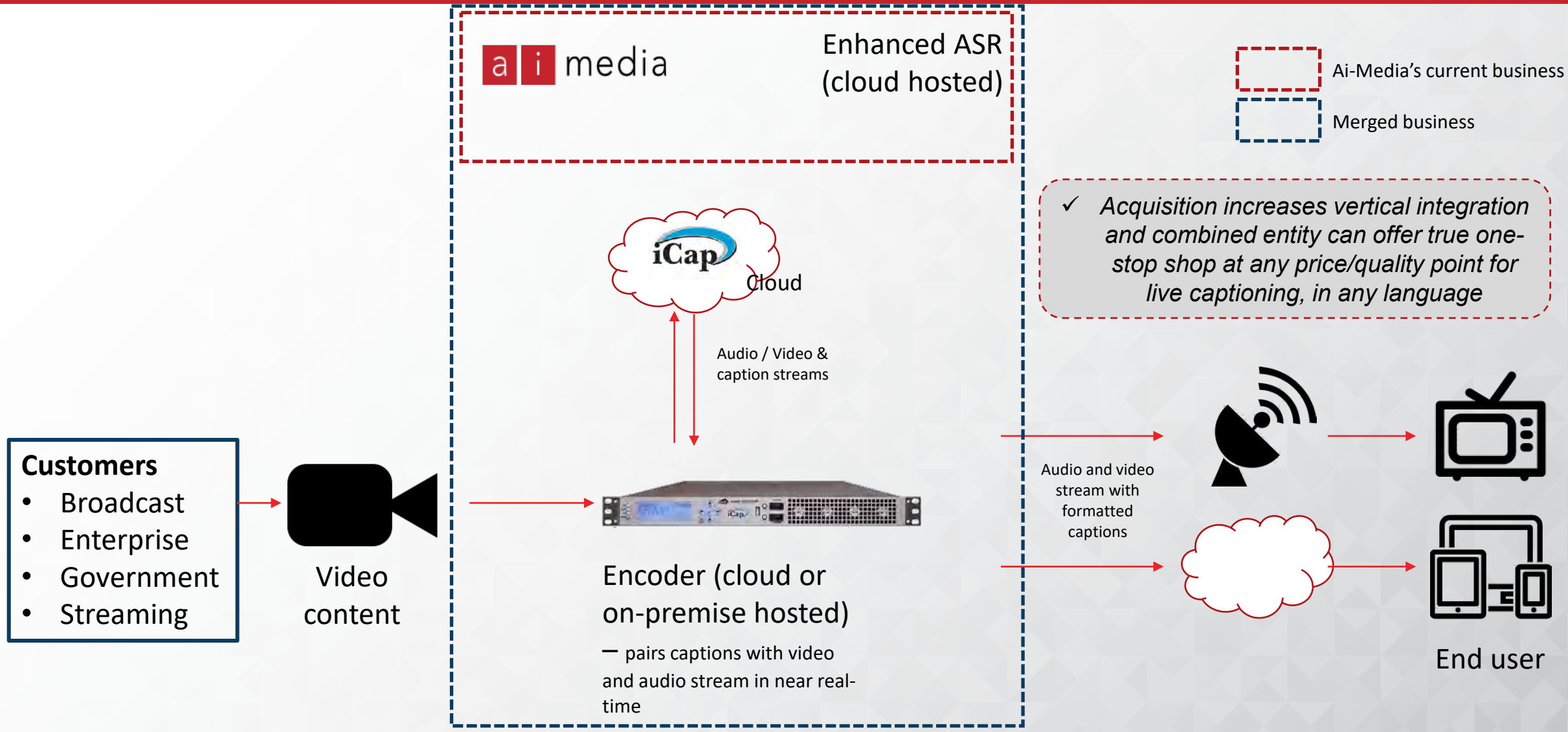
## 4 Broadens live product suite

- Enhanced product suite including software, hardware and services at multiple price points
- ✓ **Complements AIM's existing product range which will provide the Company a complete live product suite to sell globally for top-tier customers looking for one-stop shop**

## 5 Up-sell and cross-sell opportunities

- EEG customer base are significant captioning customers that currently use a range of captioning providers in addition to Lexi ASR
- Limited customer cross-over
- ✓ **Ability to sell AIM products into EEG customer base**
- ✓ **Broad distribution for Smart ASR**

# AIM + EEG = trusted one-stop shop for live captioning, globally



# Enhanced combined product suite

Product Line

| Revenue Type | Live Enterprise | Live Broadcast | Recorded |
|---|---|---|---|
| Services | ai live | AIM Premium Live Broadcast | • Broadcast<br>• Enterprise<br>• Closed Captions<br>• Localisation<br>• Audio Description |
| IaaS / SaaS | Falcon™ Lexi™ Smart ASR | iCap Alta™ Lexi™ Smart ASR | |
| Hardware | iCap Local, iCap Encoder | iCap Alta™, iCap Encoder | |

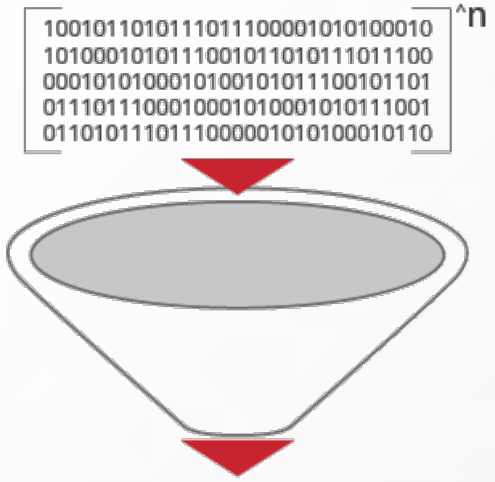
# Enhanced live captioning and translation product suite

AIM Products

| Quality | Caption Type | Ai-Media Product | Description | Quality & Confidence Level | Target Markets |
|---|---|---|---|---|---|
| HIGHEST | **Premium** | ai live | High-quality live captions generated by Ai-Media's live curation | Extremely High | - Education<br>- Corporate<br>- Enterprise<br>- Government<br>- Live Broadcast<br>- Live Streaming |
| | **Smart ASR** | | Live captioning solution that combines Automatic Speech Recognition (ASR) with pre-prepared human-curated custom dictionaries | Good | - Live Broadcast News<br>- Live Broadcast Weather<br>- Single speaker, clear audio contexts |
| | **Algorithmic Topic Model ASR: EEG Lexi™** | Lexi™ | EEG's Lexi™ product is the current industry leader in ASR live captioning with algorithmic topic models | Suitable for many US Live Broadcast news programs | - US Live Broadcast<br>- US Live Streaming |
| LOW | **Standard out-of-the-box ASR** | No | Out-of-the-box ASR examples include the free captions available on Zoom, YouTube or Google. | Low | - Consumer grade<br>- Platform users (e.g. YouTube, Zoom, Google Meets) |

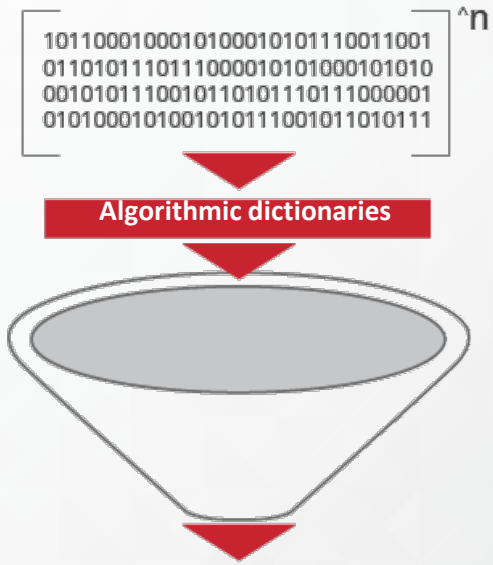
# Multiple quality and price points offered

## Standard ASR



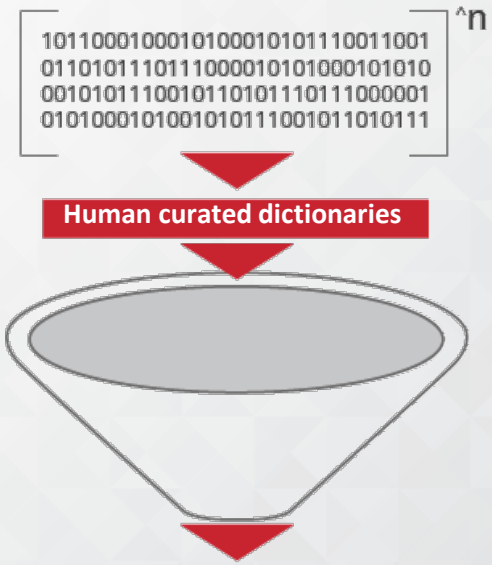

Increased data requires more rules and less accuracy (>8% error)

## Lexi™



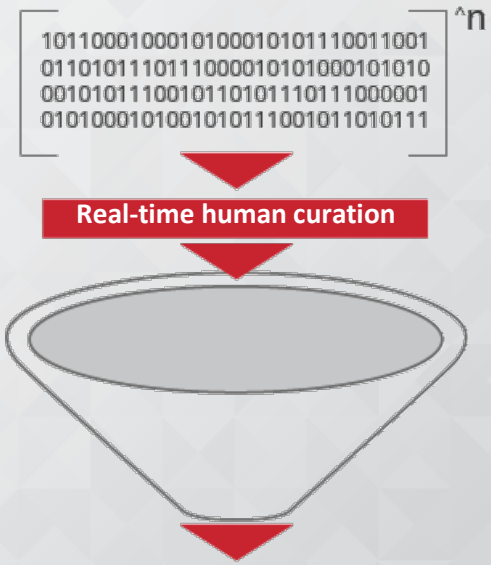

Algorithmic dictionaries increases accuracy and confidence for US Live Broadcast news NER~98.0

## Smart ASR




Human curated dictionaries increases accuracy and confidence NER~ 98.5

## ai live Premium




Human curated in real-time delivers highest levels of accuracy and confidence NER > 99.5

**Quality and confidence level**

Merged business

# Transaction funding and financial impact

# Transaction funding and financial impact

**Terms**

| | |
|---|---|
| Total consideration | AIM has entered into a binding agreement to acquire 100% of EEG at an implied enterprise value of up to USD$34.0 million |
| Up-front consideration | - USD$20.0m in cash and 14.6 million Consideration Shares, subject to AIM shareholder approval for ASX Listing Rule 7.1 purposes<br>- Consideration Shares to be subject to voluntary escrow: 33.3% will be released on every anniversary of the issue date |
| Earn-out & escrow | Up to USD$4.0m to be paid in cash as an earn-out following the release of AIM's FY2022 financial results, subject to EEG revenue and margin growth rate hurdles. A portion of the cash consideration to be held in escrow to cover any potential future adjustments or claims |
| Closing conditions | Standard conditions precedent, including obtaining specified consents, material compliance with the terms of the agreement, delivery of certificates and other ancillary documents and no material adverse changes occurring |
| Completion date | The Acquisition will complete at the time that AIM pays the cash consideration of US$20.0 million to the EEG vendor, which it has 45 business days from the date of the Acquisition agreement to do. AIM intends to pay the cash consideration and complete the Acquisition immediately following receipt of the proceeds of the Institutional Entitlement Offer and Placement |

**Sources and uses of funding**

| Sources of funds | AUD $ million |
|---|---|
| Equity raising | 40.0 |
| Cash on balance sheet as at 31 March 2021 | 4.4 |
| | - |
| **Total** | **44.4** |

| Uses of funds | AUD $ million |
|---|---|
| Cash consideration for EEG<br>(USD$20m + up to USD$4m earn-out) | 32.0 |
| Associated transaction costs | 3.5 |
| Cash to balance sheet | 8.9 |
| **Total** | **44.4** |

Note: USD:AUD = 1.33

# Pro forma financial impact – FY21F Income Statement

| $ millions (unless otherwise stated) | AIM FY21 prospectus forecast[1] | CaptionAccess & Caption IT[2] | EEG FY21 forecast[3] | Pro forma combined group |
|---|---|---|---|---|
| IaaS / SaaS Revenue | | | 6.9 | 6.9 |
| Hardware Revenue | | | 4.9 | 4.9 |
| Services Revenue | 43.8 | 1.5 | | 45.3 |
| Total revenue | 43.8 | 1.5 | 11.8 | 57.1 |
| Pro forma EBITDA | (4.8) | 0.2 | 4.4 | (0.2) |

1. Ai-Media pro forma forecast released as part of the IPO for the 12 month period to 30 June 2021
2. CaptionAccess and CaptionIT forecast for 6 months to 30 June 2021
3. EEG pro forma forecast is for the 12 months to 30 June 2021, excludes adjustments for IFRS and excludes any one-off purchase price fair value adjustments to revenue
The Proforma combined group does not include any amortisation charges from the purchase price identification of definite life intangibles under AASB 3 Business Combinations

Note: USD:AUD = 1.33

# Pro forma historical combined Balance Sheet

| $ millions (unless otherwise stated) | Pro forma Balance Sheet as at 31 December 2020 | | | |
|---|---|---|---|---|
| | AIM[1] | EEG[2] | Impact of the Offer[3] | Pro forma combined group |
| Cash and cash equivalent | 8.8 | 3.1 | 1.4 | 13.3 |
| Trade and other receivables | 9.4 | 2.0 | - | 11.4 |
| Property, plant and equipment | 1.3 | 0.4 | - | 1.7 |
| Intangibles | 11.4 | - | 44.6 | 56.0 |
| Other assets | 9.3 | 0.4 | - | 9.7 |
| **Total assets** | **40.2** | **5.9** | **46.0** | **92.1** |
| | | | | |
| Borrowings | 0.4 | - | - | 0.4 |
| Trade and other payables | 4.8 | 0.0 | - | 4.8 |
| Other liabilities | 5.2 | 2.1 | - | 7.3 |
| **Total liabilities** | **10.4** | **2.1** | **-** | **12.5** |
| | | | | |
| **Net Assets** | **29.8** | **3.8** | **46.0** | **79.6** |

| | Pro forma leverage position as at 31 March 2021 | | | |
|---|---|---|---|---|
| Cash | 4.4 | 3.1 | 1.4 | 8.9 |
| Borrowings | 0.3 | - | - | 0.3 |
| Net cash | 4.1 | 3.1 | 1.4 | 8.6 |

1. Extracted from AIM's Interim Report (31 December 2020) & 31 March 2021 Appendix 4C
2. Extracted from EEG's 31 December 2020 & 31 March 2021 unaudited management accounts including material adjustments
3. Impact of the Offer does not include purchase price allocations under AASB3. It reflects the acquisition of EEG and the net cash position after all costs, retentions and assuming the earn-out is paid in full. Impact of the Offer includes the payment to the vendor of the cash balance at closing, excludes impact of other adjustments including capitalisation of offer costs

Note: USD:AUD = 1.33

# Offer summary

# Offer details

| | |
|---|---|
| **Offer structure and size** | • Fully underwritten placement and 1 for 5.79 pro-rata, accelerated, renounceable Entitlement Offer to raise gross proceeds of A$40.0 million<br>• 50.0 million new fully paid ordinary shares (**New Shares**) to be issued |
| **Offer price** | • Placement and Entitlement Offer will be offered at $0.80 per New Share (**Offer Price**)<br>- 14.0% discount to the last traded price of $0.93 on 27 April 2021<br>- 10.8% discount to TERP of $0.90(1) |
| **Institutional investors** | • $20.0 million Placement to institutional and sophisticated investors<br>• ~$14.9 million Institutional Entitlement Offer to existing eligible institutional shareholders<br>• The Institutional Entitlement Offer will be conducted on Wednesday, 28 April 2021 |
| **Retail investors** | • Retail Entitlement Offer to existing eligible retail shareholders with registered shareholdings on the record date of 30 April 2021 who are resident in Australia or New Zealand<br>• The Retail Entitlement Offer will open on Wednesday, 5 May 2021 and close at 5:00pm (Sydney time) on Wednesday, 14 May 2021 |
| **Board participation** | • All eligible directors intend to participate in the Entitlement Offer: contribution will exceed $2.3 million |
| **Underwriting** | • The Capital Raising Offer is fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited |
| **Ranking** | • All New Shares issued under the Capital Raising will rank pari passu with existing shares on issue |
| **Record date** | • 7.00pm (Sydney time), Friday, 30 April 2021 |

Note: 1. TERP is based on the Entitlement Offer and Placement shares

# Offer timetable

| Event | Date (2021)[1] |
|---|---|
| Announcement of Offer (in trading halt) | Wednesday, 28 April |
| Placement and Institutional Entitlement Offer opens | Wednesday, 28 April |
| Placement and Institutional Entitlement Offer closes | Wednesday, 28 April |
| Institutional Entitlement Offer shortfall bookbuild closes | Thursday, 29 April |
| Trading halt lifted and announcement of results of Institutional Entitlement Offer | Friday, 30 April |
| Record date for Retail Entitlement Offer (7:00pm Sydney time) | Friday, 30 April |
| Retail Entitlement Offer opens | Wednesday, 5 May |
| Retail Offer booklet dispatched | Wednesday, 5 May |
| Settlement of Placement, Institutional Entitlement Offer and Institutional Entitlement Offer shortfall | Friday, 7 May |
| Allotment date and normal trading of New Shares issued under the Institutional Entitlement Offer and Institutional Entitlement Offer shortfall | Monday, 10 May |
| Retail Entitlement Offer closes (5:00pm Sydney time) | Friday, 14 May |
| Announcement of results of the Retail Entitlement Offer | Wednesday, 19 May |
| Retail Entitlement Offer shortfall bookbuild | Friday, 21 May |
| Announcement of results of Retail Entitlement Offer shortfall bookbuild | Monday, 24 May |
| Settlement of Retail Entitlement Offer and Retail Entitlement Offer shortfall | Tuesday, 25 May |
| Allotment of New Shares and Additional New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall | Wednesday, 26 May |
| New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall commence trading on ASX | Thursday, 27 May |
| Dispatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer and Retail Entitlement Offer shortfall | Thursday, 27 May |

Note: 1. All dates and times are indicative and subject to change without notice

# Appendix A
# Key risks

# Key risks – Acquisition

| | |
|---|---|
| **Completion risk** | The Acquisition requires AIM to pay to the EEG vendor a cash amount of US$20.0 million and issue the Consideration Shares (see below).<br>The Acquisition will complete when AIM pays the cash consideration of US$20.0 to the EEG vendor. AIM is required to pay the cash consideration within 45 business days of the date of the Acquisition agreement.<br>In the event that the Placement and Institutional Entitlement Offer does not complete for any reason (see for example the Underwriting risk in the General risks section), AIM will be unable to fund its payment obligations in connection with the Acquisition. If this occurred, AIM would seek to raise additional debt or equity capital in order to meet its commitments, however this may not be possible in the circumstances. If this occurred, AIM would be in breach of its obligations and would be exposed to contractual claims and it could have a materially adverse impact on AIM's financial position. |
| **Reliance on information provided** | Ai-Media undertook a legal, financial and operational due diligence process in respect of EEG, which relied in part on the review of financial and other information provided by the vendor of EEG. The historical financial information of EEG has not been audited or reviewed. Despite taking reasonable efforts, Ai-Media has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Ai-Media has prepared (and made assumptions in the preparation of) the financial information relating to EEG included in this Presentation in reliance on limited financial information and other information provided by the vendor of EEG. Ai-Media is unable to verify the accuracy or completeness of all of that information.<br>If any of the data or information provided to and relied upon by Ai-Media in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of EEG and the combined Group may be materially different to the financial position and performance expected by Ai-Media and reflected in this Presentation. Investors should also note that, despite the best efforts of Ai-Media and its advisers, there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition of EEG have been identified. There is a risk that unforeseen issues and risks may arise, which may also have a material impact on Ai-Media. |
| **Integration risk** | The acquisition involves the integration of the EEG business, which has previously operated independently to Ai-Media. As a result, there is a risk that the integration of EEG may be more complex than currently anticipated, encounter unexpected challenges or issues, take longer than expected, divert management attention or not deliver the expected synergy and combination benefits and this may affect Ai-Media's operating and financial performance in the future. Further, the integration of EEG's accounting functions and financial reporting may lead to revisions, which may impact on the combined Group's reported financial results. |
| **Historical liability** | If the acquisition of EEG completes, Ai-Media will become directly or indirectly liable for any liabilities that EEG has incurred in the past, which were not identified during its due diligence or which are greater than expected, and for which the market standard protection (in the form of insurance, representations and warranties and indemnities and hold-back amounts) negotiated by Ai-Media prior to its agreement to acquire EEG turns out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Ai-Media post-acquisition. |
| **Change of control risk** | As the acquisition of EEG will result in a change in control of EEG, there could be adverse consequences for Ai-Media. For example, contracts to which EEG is a party to may be subject to review or termination in the event of a change of control of EEG. |
| **Acquisition accounting** | In accounting for the acquisition in the pro-forma combined balance sheet, Ai-Media has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities of EEG. Ai-Media will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of EEG post-acquisition, which may give rise to a materially different fair value allocation to that used for purposes of the pro-forma financial information set out in this Presentation. Such a scenario may result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the combined Group's income statement (and a respective increase or decrease in net profit after tax). |
| **Failure of Ai-Media shareholders to approve the issue of Consideration Shares** | In partial satisfaction of the Company's obligation to make payment under the acquisition agreement, EEG's vendor will be issued approximately 14.6 million fully paid ordinary AIM shares (the **Consideration Shares**). The issue of the Consideration Shares requires the approval of Ai-Media's shareholders for the purposes of ASX Listing Rule 7.1.<br>Ai-Media intends to hold a general meeting of shareholders in mid-June 2021 to consider and, if thought fit, to approve the issue of Consideration Shares to the vendor of EEG.<br>In the event that Ai-Media's shareholders do not approve the issue of the Consideration Shares within 75 days of completion of the Acquisition agreement, Ai-Media will be required to pay to the EEG vendor a cash amount of US$10.0 million (plus interest). If this was to eventuate, Ai-Media would need to raise additional equity or debt capital to fund its obligations. |

# Key risks – Company

| | |
|---|---|
| **Counterparty risk** | A number of Ai-Media's customers (including those operating in the media and education sectors) have been significantly impacted by disruption caused by COVID-19. Ai-Media has a concentration of customers in the media and education sectors.<br>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 |
| **Recruitment and crowdsourcing** | Ai-Media's operating model requires an ability to mobilise a large number of independent contractors across a number of jurisdictions on a project by project basis to fulfil customer needs and project requirements. If Ai-Media fails to find and retain independent contractors of a suitable quality, and/or suitable number, and/or jurisdictions restrict flexible independent contractor 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. |
| **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, or when employment markets are significantly disrupted for other reasons. |
| **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.<br>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 automatic speech recognition 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 materialise, Ai-Media may compete less effectively against its competitors and its business, financial performance and operations and market position could be adversely affected. |
| **Disruption to, or failure of, technology systems and software, including cybersecurity breaches** | Ai-Media's technology is cloud-native on Amazon Web Services. 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. |
| **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. |
| **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.<br>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 the Company 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. |
| **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. |

# Key risks – Company

| | |
|---|---|
| **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 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. |
| **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 a number of Ai-Media's significant customers 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 agreement do not provide for a minimum term or minimum volumes and 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. |
| **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. |
| **Regulatory risks** | • Regulations relating to equal access for hard-of-hearing individuals - If the relevant legislation and regulations in specific countries were to change significantly, such as through the removal of captioning requirements from the Broadcasting Services Act or its relevant international equivalents, customers may have reduced requirements for certain services from Ai-Media, which may have a significant impact on the Company's financial performance. Further, there is a risk that the Company'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 the Company's business, operations, financial performance, market position and future growth and development.<br>• 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. |
| **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. |
| **Defects with products / services** | 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. |
| **Intellectual property risks** | 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. The commercial value of Ai-Media's intellectual property is preserved by operational procedures to maintain confidentiality around the Company'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.<br>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 defense and prosecution of intellectual property claims are costly, time-consuming and their outcome is uncertain. |
| **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 unforeseen issues or events may arise that adversely affect Ai-Media's reputation, including the reputational impact of other risks outlined in this Presentation. 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. |
| **Success of sales and marketing strategy** | 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 investment 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. |

# Key risks – General

| | |
|---|---|
| **Foreign exchange risk** | Ai-Media reports its results in Australian dollars. It records revenues in a range of currencies. Given the acquisition of EEG, the proportion of revenue that it generates in United States dollars will increase significantly. In the event that there is an adverse move in the exchange rate of a currency in which Ai-Media reports material revenues, in particular the United States dollar, Ai-Media's Australian-dollar results may vary in a materially adverse way. |
| **Macro-economic conditions** | The Company's performance will depend to a certain extent on a number of macro-economic factors outside its control which may impact the spending of its clients. General market conditions may also affect the value of Ai-Media's shares, regardless of the Company's operating performance.<br>Relevant macro-economic conditions may include:<br>• general economic outlook;<br>• introduction of tax reform or other new legislation;<br>• Interest rates and inflation rates;<br>• changes in investor sentiment toward particular market sectors or the market generally;<br>• the demand for, and supply of, capital;<br>• concerns regarding pandemics, epidemics and the spread of contagious diseases;<br>• domestic unrest, terrorism or other hostilities; and<br>• natural disasters such as floods, fires or drought. |
| **Litigation** | There is a risk that the company mate in future be the subject of or required to commence litigation. There is, however, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against the Company. |
| **Tax risks** | Changes to the rate of tax imposed on Ai-Media (including in overseas jurisdictions in which Ai-Media operates now or in the future) or tax legislation generally may affect Ai-Media and its shareholders. |
| **Underwriting risk** | Ai-Media has entered into an underwriting agreement with Bell Potter Securities Limited and Morgans Corporate Limited (**Underwriters**) (**Underwriting Agreement**) pursuant to which the Underwriters have agreed to fully underwrite the Capital Raising, subject to the terms and conditions of the Underwriting Agreement. The obligations of the Underwriters to underwrite the Capital Raising are conditional on certain customary matters, including Ai-Media delivering certain certificates, sign-offs and opinions. If certain events occur, the Underwriters may terminate the Underwriting Agreement – see Appendix C for further details.<br>Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Capital Raising. In these circumstances, Ai-Media would need to source alternative funding to meet its capital needs, which could adversely affect the financial condition of the Company. There is no certainty that alternative funding could be obtained on satisfactory terms, or at all. |
| **Liquidity** | There can be no guarantee of an active market in Ai-Media shares. There may be relatively few potential buyers or sellers of Ai-Media's shares on the ASX at any time. This may increase the volatility of the market price of Ai-Media's shares. It may also affect the prevailing market price at which Shareholders are able to sell their shares. |
| **Inflation** | Higher than expected inflation rates could lead to increased development and/or operating costs. If such increased costs cannot be offset by increased revenue, this could impact Ai-Media's future financial performance. |
| **Australian Accounting Standards may change** | Australian Accounting Standards are set by the AASB and are outside the control of Ai-Media. The AASB regularly introduces new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of keys statements of profit and loss and balance sheet items, may differ. Changes to Australian Accounting Standards issued by the AASB, or changes to 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. |

# Appendix B
# Foreign selling jurisdictions

# International offer restrictions

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold in the institutional entitlement offer, in any country outside Australia except to the extent permitted below.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, 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 Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to 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 securities.

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.

**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 Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Singapore**

This document and any other materials relating to the Entitlements and the New 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 Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New 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 (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, 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 Entitlements or the New 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 Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# International offer restrictions

**United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

These securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

**United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, these securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The Entitlements and the New Shares will only be offered and sold in the United States to:

- “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

# Appendix C
# Underwriting Agreement

# Underwriting Agreement

Bell Potter Securities Limited and Morgans Corporate Limited (**Lead Managers**) are acting as joint lead managers, underwriters and bookrunners of the Capital Raising. AIM has entered into an underwriting agreement with the Lead Managers in respect of the Capital Raising (**Underwriting Agreement**).

The Underwriting Agreement contains representations and warranties, and indemnities, in favour of the Lead Managers. There are also conditions precedent to the Lead Managers' obligations under the Underwriting Agreement (including in respect of their underwriting and settlement obligations).

A Lead Manager may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events, including where:

a) a corrective notice is required to be issued in respect of a cleansing notice issued under the Capital Raising;

b) any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of AIM or the AIM Group (insofar as the position in relation to an entity in the AIM Group affects the overall position of the Group) from those disclosed in the documents issued by AIM in connection with the Capital Raising (**Offer Documents**), including:

    i. any material adverse change in the reported earnings or future prospects of the AIM Group; or

    ii. any material adverse change in the nature of the business conducted by the AIM Group; or

    iii. the insolvency or voluntary winding up of the Company or an entity in the AIM Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or

    iv. any material adverse change to the rights and benefits attaching to shares; or

    v. any event that is likely to cause a material adverse change.

c) the ASX/S&P 300 Index:

    i. falls by 10% or more at any time from its level at market close on the business day immediately preceding the date of the Underwriting Agreement and is at or below that level at the close of trading for 2 consecutive business days or the Business Day prior to the Institutional Settlement Date; or

    ii. closes at a level that is 10% or more below the level of that index as at market close on the Business Day immediately preceding the date of the Underwriting Agreement:

        A. on any 2 consecutive Business Days during the period from the Institutional Settlement Date until the Business Day prior to Retail Settlement Date; or

        B. on the Business Day immediately prior to the Retail Settlement Date;

d) any of the following occurs:

    i. the Company ceases to be admitted to the official list of ASX or its shares cease trading or are suspended from quotation on ASX other than in connection with the Capital Raising;

    ii. ASX makes any official statement to any person, or indicates to the Company or the Lead Managers that official quotation on ASX of the New Shares will not be granted; or

    iii. approval is refused or approval is not granted which is unconditional (or conditional only on customary listing conditions which would not, in the reasonable opinion of the Lead Managers, have a material adverse effect on the success of the Capital Raising), to the official quotation of the New Shares on ASX on or before the dates referred to in the tmetable, or if granted, the approval is subsequently withdrawn, qualified or withheld;

e) any information supplied by or on behalf of the Company to a Lead Manager in relation to the AIM Group or the Capital Raising as part of the due diligence process becomes false, misleading or deceptive in a material respect;

f) any event specified in the Timetable is delayed for more than two business days, other than as a result of actions in breach of the Underwriting Agreement by a Lead Manager unless those actions were requested by the Company, without the prior written consent of the Lead Managers;

g) the Company withdraws an Offer Document or the Capital Raising or indicates that it does not intend to proceed with the Capital Raising or any part of it;

h) the Company is or will be prevented from conducting or completing the Capital Raising (including granting the Entitlements or issuing the New 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 or a third party applies to a court of competent jurisdiction seeking orders to prevent, or which will have the effect of preventing any of these things;

i) a director or a senior member of management of the Company engages in any fraudulent conduct or activity in relation to the Capital Raising or the affairs of the AIM Group;

# Underwriting Agreement

j) any of the following occurs:

i. any of Deanne Weir, John Martin, Jonathan Pearce or Alison Loat ceases to be a Director of the Company; or

ii. Tony Abrahams ceases to be the chief executive officer of the Company; or

iii. John Bird ceases to be chief financial officer of the Company; or

iv. Phil Hyssong ceases to be chief customer officer of the Company,

or any such changes are announced, without the written consent of the Lead Managers;

k) the Company or an AIM Group Member is or becomes insolvent or there is an act or omission which may result in the Company or a AIM Group Member becoming insolvent;

l) there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Managers for any statement or estimate in the Offer Documents which relate to a future matter;

m) a certificate is not given by the Company in accordance with the Underwriting Agreement or a statement in a certificate is untrue in any material respect, incorrect or misleading or deceptive;

n) any party to the acquisition agreement in respect of EEG (**Acquisition Agreement**) terminates, rescinds, withdraws or revokes or threatens to terminate, rescind, withdraw or revoke the Acquisition Agreement; either the Company or any other entity in the AIM Group is in breach of, or default under, any provision of the Acquisition Agreement, including a material breach of a representation or warranty or other obligation under the Acquisition Agreement, which breach has or is likely to have in the opinion of the Lead Managers a material adverse effect on EEG, the Company or the AIM Group;

o) the Company or an AIM Group Member:

i. disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Offer Documents;

ii. ceases or threatens to cease to carry on business;

iii. alters its capital structure, other than as contemplated in the Offer Documents; or

iv. amends its constitution or other constituent document of an AIM Group Member.

In addition, a Lead Manager may, in certain circumstances, terminate its obligations under the Underwriting Agreement if any of the following termination events occurs and, in the reasonable opinion of the Lead Manager, the event:

- 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 AIM Group, or the success or outcome of the Capital Raising;
  - the ability of the Lead Manager to settle the Capital Raising; or
  - the potential market price of the New Shares; or
- there is a reasonable possibility that the Lead Manager 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 event occurring.

The relevant events are as follows:

a) any statement, report, representation, matter or thing contained in an Offer Document is or becomes false, misleading or deceptive or is likely to mislead or deceive; or there is an omission from an Offer Document of material required to be included by the Corporations Act or any other applicable law;

b) any of the following occurs:

i. a Director or any member of the senior management of the AIM Group is charged with a criminal offence relating to any financial or corporate matter;

ii. any Government Agency commences any public action against an AIM Group Member, any of the Directors or any member of the senior management of the AIM Group, or announces that it intends to take any such action; or

iii. any Director or any member of the senior management of the AIM Group is disqualified under the Corporations Act from managing a corporation;

# Underwriting Agreement

d) the Company or an entity in the AIM Group, any Offer Document or any aspect of the Capital Raising, does not or fails to comply with the AIM Constitution, the Corporations Act, the Listing Rules or any other applicable law or regulation;

e) a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;

f) a representation and warranty contained in the Underwriting Agreement on the part of the Company was or is not true or correct or becomes untrue or incorrect;

g) 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 or the AIM Group;

h) there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Capital Raising (or any part of it) or any agreement entered into in respect of the Capital Raising (or any part of it) except where such application does not become public and is withdrawn or dismissed within 2 Business Days after it is commenced or where it is commenced less than 2 Business Days before the Institutional Issue Date or completion it has not been withdrawn or dismissed by the Institutional Issue Date or completion, (as the case may be);

i) any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Capital Raising or materially reduce the likely level of valid applications or materially affects the financial position of the Company or has a material adverse effect on the success of the Capital Raising:

   i. the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;

   ii. the public announcement of prospective legislation or policy by the Federal Government of Australia or the Government of any State or Territory in Australia or the Reserve Bank of Australia; or

   iii. the adoption by ASX or their respective delegates of any regulations or policy;

j) any of the following occurs:

   i. any adverse change or disruption to the existing political conditions or financial markets of Australia, the United Kingdom, the United States of America, Singapore, Hong Kong or the international financial markets or any adverse change occurs in international political, financial or economic conditions;

   ii. a general moratorium on commercial banking activities in Australia the United States of America, 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

   iii. 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;

k) any of the following occurs:

   i. there is an outbreak of hostilities (being a declaration of war or significant escalation of armed conflict outside borders) not presenting existing, or a major escalation in existing hostilities occurs; or

   ii. a national emergency is declared, other than with respect to COVID-19;

   iii. a terrorist act is perpetrated,

   involving any one or more of Australia, Canada, a member of the European Union, Singapore, the People's Republic of China, the United Kingdom or the United States of America;

l) a pandemic, epidemic or large-scale outbreak of a disease, including without limitation SARS, wine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, involving any one or more of Australia, Canada, a member of the European Union, the United States, the United Kingdom, China or Singapore;

m) any of the following occurs:

   i. legal proceedings are commenced against the Company; or

   ii. any Director is charged with an indictable offence or any regulatory body commenced any public action against the Director or announced that it intends to take any such action; or

   iii. any Director is disqualified from managing a corporation under section 206A, 206B, 206C, 206D, 206E or 206F of the Corporations Act;

m) a contravention by the Company or any entity in the AIM Group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation; and

n) the Company or an entity in the AIM Group issues a public statement concerning the Capital Raising which has not been approved by a Lead Manager in accordance with the provisions of the Underwriting Agreement.

ai media

Thank you

ai-media.tv

AIM

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**NOT FOR RELEASE TO US WIRE SERVICES OR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

5 May 2021

Dear Shareholder

**Access Innovation Holdings Limited – Accelerated Renounceable Entitlement Offer – Notification to Ineligible Shareholders**

On 28 April 2021, Access Innovation Holdings Limited (ACN 122 058 708) (the **Company** or **Ai-Media**) announced a fully underwritten, accelerated renounceable pro rata entitlement offer of approximately 25 million new fully paid ordinary shares (**New Shares**) at an offer price of $0.80 per New Share to raise approximately $20 million (**Entitlement Offer**).

In conjunction with the Entitlement Offer, the Company is undertaking a placement of approximately 25 million New Shares at an offer price of $0.80 per New Share to institutional investors to raise an additional $20 million (**Placement**).

The Entitlement Offer and Placement are fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited (the **Underwriters**).

It is intended that the proceeds raised from the Entitlement Offer and Placement will be used for:

- the acquisition of EEG Enterprises, Inc.; and
- various growth initiatives.

If you are an eligible shareholder in Australia or New Zealand (or certain overseas jurisdictions determined by the Company), you will be able to subscribe for 1 New Share for every 5.79 existing shares held at 7.00pm (Sydney time) on Friday, 30 April 2021 (**Record Date**). The offer price is $0.80 per New Share (**Offer Price**). New Shares issued under the Entitlement Offer will rank equally with existing AIM ordinary shares on issue. Fractional entitlements will be rounded up the nearest whole number of shares. The Company will apply for quotation of the New Shares on ASX.

The Entitlement Offer comprises an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (defined below) (**Retail Entitlement Offer**) at the same Offer Price and offer ratio.

Whilst the Entitlement Offer is renounceable, there will be no trading of entitlements to participate in the Offer on ASX and entitlements cannot be sold or otherwise transferred directly to another person. All entitlements not taken up under the Retail Entitlement Offer and entitlements that would have been issued to all Ineligible Retail Shareholders (had such shareholders been entitled to participate in the Retail Entitlement Offer) will be offered for sale through a retail shortfall bookbuild (as detailed further below).

**No Prospectus Required**

The Entitlement Offer is being made pursuant to section 708AA of the Australian *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus or disclosure document needs to be prepared.

**Eligible Retail Shareholders**

Eligible Retail Shareholders are those persons who are registered as shareholders of the Company on the Record Date and who:

- were registered as a holder of Shares as at the Record Date;
- have a registered address on the Ai-Media Share register in Australia or New Zealand, or is a Shareholder who Ai-Media has otherwise determined to be eligible to participate;
- were not an eligible institutional shareholder (other than a nominee, in respect of underlying holdings), and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer;
- are not in the United States and are not acting for the account of or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of a person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the Institutional Entitlement Offer are "**Ineligible Shareholders**" and are consequently unable to participate in the Retail Entitlement Offer. The Company retains the discretion to make an offer under the Retail Entitlement Offer if the Company determines that the offer can be made without any requirement for a prospectus or offer document to be lodged or registered

**Ineligible Shareholders**

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and the Corporations Act that it is unreasonable to make the Retail Entitlement Offer generally available to Ineligible Shareholders because of:

- the legal and regulatory requirements in countries other than Australia or New Zealand;
- the potential costs to the Company of complying with these legal and regulatory requirements; and
- the relatively small number of shareholders in those countries, the relatively small number of shares those shareholders hold and the relatively low value of New Shares to which they would otherwise be entitled to subscribe for.

Determination of the eligibility of investors for the purposes of the Retail Entitlement Offer is determined by the Company by reference to a number of matters. The Company and the Underwriters and their affiliates and related bodies corporate and each of their respective directors, officers, employees, advisers and agents disclaim any liability in respect of any determination of eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and the Corporations Act, Ai-Media wishes to advise you that it will not be able to extend the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the offer documents relating to the Entitlement Offer.

However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the New Shares that would have represented the entitlements of Ineligible Shareholders to be sold via a retail shortfall bookbuild on Friday, 21 May 2021, which is to be undertaken by the Underwriters.

You will receive any proceeds in excess of the Offer Price in respect of each entitlement to subscribe for New Shares sold in the retail shortfall bookbuild that you would have received under the Retail Entitlement Offer if you were eligible to participate, net of any applicable withholding tax. However, there is no guarantee that you will receive any value as a result of the retail shortfall bookbuild.

On behalf of the Board of Ai-Media, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support of the Company.

If you have any questions regarding the Entitlement Offer, you should contact the Ai-Media Share Registry between 8.30am to 5.00pm, Monday to Friday, AEST on:

- 1300 855 080 (from within Australia); or
- +61 3 9415 4000 (from outside Australia).

Yours sincerely

**Deanne Weir**
**Chair**
**Access Innovation Holdings Limited**

## About Ai-Media

Founded in Australia in 2003, technology company Ai-Media has become a global leader in the provision of high-quality live and recorded captioning, transcription and translation services. Its technology platform combines artificial intelligence and human expertise to deliver speech-to-text accuracy. The company is the biggest captioning provider in the Australian market, with clients including major free-to-air and pay television networks, and has a growing international footprint, with offices in Australia, the US, UK, and Canada. Globally, it provides captioning for around 1 million minutes of live and recorded media content, and online events and web streams every month. Ai-Media (ASX:AIM) commenced trading on the ASX on 15 September 2020.

For more information on Ai-Media please visit https://www.ai-media.tv/

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