

1. Company details

Name of entity:	Access Innovation Holdings Limited
ABN:	12 122 058 708
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	100.0%	to	22,728,469
Loss from ordinary activities after tax attributable to the owners of Access Innovation Holdings Limited	up	111.4%	to	(7,488,018)
Loss for the half-year attributable to the owners of Access Innovation Holdings Limited	up	111.4%	to	(7,488,018)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$7,488,018 (31 December 2019: \$3,542,528).

Normalised EBITDA loss for the Group was \$3,817,598 (31 December 2019: loss of \$3,043,777).

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

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	12.70	(4.19)

The net tangible assets calculation includes rights-of-use assets of \$914,518 (31 Dec 2019: \$1,490,937) and the corresponding lease liabilities of \$1,304,314 (31 Dec 2019: \$2,176,368).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

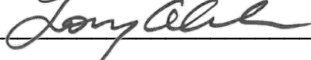
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Access Innovation Holdings Limited for the half-year ended 31 December 2020 is attached.

12. Signed

Signed 
Anthony Abrahams
Director

Date: 22 February 2021



Access Innovation Holdings Limited

ABN 12 122 058 708

Interim Report - 31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Access Innovation Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Deanne Weir - Chair
 Anthony Abrahams
 John Martin
 Alison Loat
 Jonathan Pearce

Principal activities

Ai-Media is a global access provider, utilising its technology platform to make content available for all live and recorded captioning, transcription, subtitles, translation and speech analytics services.

Review of operations

The loss for the Group after providing for income tax amounted to \$7,488,018 (31 December 2019: \$3,542,528).

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

	31 Dec 2020 \$	31 Dec 2019 \$	Change \$	Change %
Revenue from operating activities	22,728,469	11,366,169	11,362,300	100.0%
Loss after tax	(7,488,018)	(3,542,528)	(3,945,490)	111.4%
Loss after tax from ordinary activities	(7,488,018)	(3,542,528)	(3,945,490)	111.4%

There was strong revenue growth driven by ongoing demand for the Group's services, particularly in Live Enterprises across all regions, with COVID-19 resulting in the sustained adoption of video as a core communications tool for business and education enterprises. For the period the Live Enterprise product grew 443% to \$13.6 million and excluding the ACS acquisition that growth was 172%.

As at 31 December 2020, the consolidated statement of financial position reflects a net asset position of \$29,825,847. The strong revenue growth along with a strong balance sheet with minimal debt has the Group well positioned to pursue our growth agenda and take advantage of new opportunities as they arise.

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

Reconciliation of loss after income tax benefit to Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') as follows:

	Consolidated 31 Dec 2020 31 Dec 2019 \$ \$	
Loss after income tax benefit	(7,488,018)	(3,542,528)
Add: Finance costs	2,380,593	307,658
Less: Income tax benefit	(3,412,357)	(831,814)
Less: Interest income	(20,028)	(83,897)
Earnings Before Interest and Tax, ('EBIT')	(8,539,810)	(4,150,581)
Add: depreciation and amortisation	1,522,937	1,106,804
EBITDA	(7,016,873)	(3,043,777)

The EBITDA for the Group was a loss of \$7,016,873. This was impacted by non-underlying costs associated with the IPO and restructuring costs, as set out below:

31 Dec 2020
\$

EBITDA

(7,016,873)

IPO costs

3,026,715

Restructuring costs

172,560

Normalised EBITDA

(3,817,598)

Significant changes in the state of affairs

On 15 September 2020 the Company successfully completed its Initial Public Offering ("IPO") on the Australian Securities Exchange raising a total of \$30,194,998 from a primary issue of 24,548,779 shares at an issue price of \$1.23 per share to new shareholders and a secondary transfer of \$35,285,527 through 28,687,420 shares at an issue price of \$1.23 per share to new shareholders. The capital proceeds raised will be used to pursue the Group's strategic global growth objectives, repay all shareholder loans and fund IPO related costs.

On 15 September 2020, all the convertible notes that were on issue were converted into ordinary shares.

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

Matters subsequent to the end of the financial half-year

On 4 January 2021, the Group completed the acquisition of 100% of the share capital of the two US-based companies, Caption IT LLC and Caption Access LLC, paying cash consideration of \$1.9 million on completion, with a further 10% retention due in 90 days, and the issue of 421,887 shares at \$1.046 per share.

Due to the impact of COVID-19, since 31 December 2020, Ai Media has seen increases in content requiring captioning. While some live events and some recorded media categories remain impacted, an accelerated shift towards virtual events and education resulting in increased demand for captioning from educational, government and non government organisations and corporate customers.


No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Abrahams
Director

22 February 2021

The Board of Directors
Access Innovation Holdings Limited
Level 1, 103 Miller Street
North Sydney, NSW 2060

22 February 2021

Dear Board Members

Access Innovation Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Access Innovation Holdings Limited.

As lead audit partner for the review of the financial statements of Access Innovation Holdings Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner
Chartered Accountants

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Access Innovation Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue			
	4	22,728,469	11,366,169
Other income	5	189,560	850,187
Interest revenue calculated using the effective interest method		20,028	83,897
Expenses			
Cost of sales		(14,112,481)	(6,277,182)
Employee benefits expense	6	(8,123,039)	(5,228,905)
Depreciation and amortisation expense	6	(1,522,937)	(1,106,804)
Impairment of assets		(7,532)	(126)
Professional and consulting costs		(1,540,656)	(797,927)
Business development costs		(337,598)	(1,151,719)
Networking and information technology costs		(1,137,505)	(618,438)
Other employment costs		(306,855)	(323,289)
Office expenses		(273,762)	(264,922)
Initial public offering ('IPO') listing expense		(3,026,715)	-
Other expenses		(1,068,759)	(597,625)
Finance costs	6	(2,380,593)	(307,658)
Loss before income tax benefit		(10,900,375)	(4,374,342)
Income tax benefit		3,412,357	831,814
Loss after income tax benefit for the half-year attributable to the owners of Access Innovation Holdings Limited		(7,488,018)	(3,542,528)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(484,759)	(8,358)
Other comprehensive income for the half-year, net of tax		(484,759)	(8,358)
Total comprehensive income for the half-year attributable to the owners of Access Innovation Holdings Limited		<u>(7,972,777)</u>	<u>(3,550,886)</u>
		Cents	Cents
Basic earnings per share	15	(5.94)	(3.68)
Diluted earnings per share	15	(5.94)	(3.68)

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

Access Innovation Holdings Limited
Statement of financial position
As at 31 December 2020



Assets

Current assets

Cash and cash equivalents	8,767,205	2,994,171
Trade and other receivables	9,421,171	6,145,996
Contract assets	605,742	374,578
Secured deposits	272,076	272,076
Total current assets	19,066,194	9,786,821

Non-current assets

Property, plant and equipment	1,270,343	1,091,321
Right-of-use assets	914,518	1,122,974
Intangibles	11,492,591	11,244,053
Deferred tax	7,462,881	3,333,960
Total non-current assets	21,140,333	16,792,308

Total assets

40,206,527 **26,579,129**

Liabilities

Current liabilities

Trade and other payables	4,810,209	7,613,706
Contract liabilities	163,493	167,812
Borrowings	7 241,882	13,248,427
Lease liabilities	702,895	660,762
Derivative financial instruments	8 -	3,017,593
Income tax	82,500	-
Employee benefits	1,247,619	1,100,782
Provisions	9 1,754,780	7,319,865
Total current liabilities	9,003,378	33,128,947

Non-current liabilities

Borrowings	7 144,348	384,034
Lease liabilities	601,419	1,129,896
Employee benefits	366,183	467,501
Provisions	9 265,352	265,352
Total non-current liabilities	1,377,302	2,246,783

Total liabilities

10,380,680 **35,375,730**

Net assets/(liabilities)

29,825,847 **(8,796,601)**

Equity

Issued capital	10 59,850,401	8,980,031
Reserves	11 (507,622)	8,671,609
Accumulated losses	(29,516,932)	(26,448,241)

Total equity/(deficiency)

29,825,847 **(8,796,601)**

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

Access Innovation Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	8,980,031	7,432,641	(13,603,557)	2,809,115
Loss after income tax benefit for the half-year	-	-	(3,542,528)	(3,542,528)
Other comprehensive income for the half-year, net of tax	-	(8,358)	-	(8,358)
Total comprehensive income for the half-year	-	(8,358)	(3,542,528)	(3,550,886)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	333,140	-	333,140
Balance at 31 December 2019	<u>8,980,031</u>	<u>7,757,423</u>	<u>(17,146,085)</u>	<u>(408,631)</u>

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	8,980,031	8,671,609	(26,448,241)	(8,796,601)
Loss after income tax benefit for the half-year	-	-	(7,488,018)	(7,488,018)
Other comprehensive income for the half-year, net of tax	-	(484,759)	-	(484,759)
Total comprehensive income for the half-year	-	(484,759)	(7,488,018)	(7,972,777)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	28,477,989	-	-	28,477,989
Exercise/cancellation of share options (note 10)	4,501,243	(8,694,472)	4,419,327	226,098
Conversion of convertible notes (note 7)	15,033,993	-	-	15,033,993
Deferred consideration (note 9)	2,857,145	-	-	2,857,145
Balance at 31 December 2020	<u>59,850,401</u>	<u>(507,622)</u>	<u>(29,516,932)</u>	<u>29,825,847</u>

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

Access Innovation Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2020



		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		20,662,963	10,903,860
Payments to suppliers and employees (inclusive of GST)		(34,138,032)	(13,793,519)
		(13,475,069)	(2,889,659)
Interest received		20,028	83,897
Other revenue		189,560	850,187
Interest and other finance costs paid		(488,431)	(307,658)
Income taxes (paid)/refunded		(27,792)	583,017
Net cash used in operating activities		(13,781,704)	(1,680,216)
Cash flows from investing activities			
Payment of deferred consideration	9	(2,707,940)	-
Payments for property, plant and equipment		(403,434)	(149,915)
Payments for intangibles		(1,339,314)	(1,168,748)
Loans to related and other parties		(208,343)	-
Net cash used in investing activities		(4,659,031)	(1,318,663)
Cash flows from financing activities			
Proceeds from issue of shares	10	30,194,998	-
Share issue transaction costs	10	(2,323,281)	-
Proceeds from/(repayment of) shareholder loans	7	(2,413,918)	1,615,617
Proceeds from convertible notes		-	4,500,000
Repayment of borrowings		(757,686)	-
Repayment of lease liabilities		(486,344)	(386,807)
Net cash from financing activities		24,213,769	5,728,810
Net increase in cash and cash equivalents		5,773,034	2,729,931
Cash and cash equivalents at the beginning of the financial half-year		2,994,171	672,171
Effects of exchange rate changes on cash and cash equivalents		-	(8,358)
Cash and cash equivalents at the end of the financial half-year		<u>8,767,205</u>	<u>3,393,744</u>

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

Note 1. General information

The financial statements cover Access Innovation Holdings Limited as a group consisting of Access Innovation Holdings Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Access Innovation Holdings Limited's functional and presentation currency.

Access Innovation Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 6
277 William Street
Melbourne VIC 3000

Principal place of business

Level 1
103 Miller Street
North Sydney NSW 2060

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

On 15 September 2020, the Company was listed on the Australian Securities Exchange ('ASX') with the code 'AIM'.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements arising under Australian Securities Exchange Listing Rules and the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

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

The Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2020 reflects a net loss after income tax of \$7,488,018 (31 December 2019: \$3,542,528) and the Statement of Cash Flows reflects net cash outflows from operating activities of \$13,781,704 (31 December 2019: \$1,680,216). As at 31 December 2020, the Statement of Financial Position reflects a net asset position of \$29,825,847 (30 June 2020: net assets deficit position of \$8,796,601) and a net current asset position of \$10,062,816 (30 June 2020: net current liability of \$23,342,126). The losses and net cash outflows from operating activities are a result of the strategic decision taken by the Company to accelerate its expansion to take advantage of the global market growth opportunity.

Note 2. Significant accounting policies (continued)

Based on the loss and net operating cash outflows for the period, this is an indicator that there may be doubt over the Group's ability to continue as a going concern. However, based upon the growth of the business achieved to date, sufficient cash reserves at reporting date and after reviewing forecasts and projections prepared for the business, the directors are confident that it is appropriate to prepare the financial statements on the going concern basis.

Note 3. Operating segments

Identification of reportable operating segments

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

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

The information reported to the CODM is on a monthly basis.

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

Operating segment information

Consolidated - 31 Dec 2020	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
Revenue					
Sales to external customers	8,896,628	10,290,996	3,540,845	-	22,728,469
Other revenue	189,560	-	-	-	189,560
Total revenue	<u>9,086,188</u>	<u>10,290,996</u>	<u>3,540,845</u>	<u>-</u>	<u>22,918,029</u>
EBITDA	<u>3,509,200</u>	<u>319,435</u>	<u>317,291</u>	<u>(11,162,799)</u>	<u>(7,016,873)</u>
Depreciation and amortisation					(1,522,937)
Interest revenue					20,028
Finance costs					(2,380,593)
Loss before income tax benefit					<u>(10,900,375)</u>
Income tax benefit					3,412,357
Loss after income tax benefit					<u>(7,488,018)</u>

Consolidated - 31 Dec 2019	ANZ \$	North America \$	ROW \$	Corporate \$	Total \$
Revenue					
Sales to external customers	8,885,722	1,233,402	1,247,045	-	11,366,169
Other revenue	850,187	-	-	-	850,187
Total revenue	<u>9,735,909</u>	<u>1,233,402</u>	<u>1,247,045</u>	<u>-</u>	<u>12,216,356</u>
EBITDA	<u>4,562,856</u>	<u>(610,321)</u>	<u>(198,227)</u>	<u>(6,798,085)</u>	<u>(3,043,777)</u>
Depreciation and amortisation					(1,106,804)
Interest revenue					83,897
Finance costs					(307,658)
Loss before income tax benefit					<u>(4,374,342)</u>
Income tax benefit					831,814
Loss after income tax benefit					<u>(3,542,528)</u>

Note 4. Revenue

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Service revenue	<u>22,728,469</u>	<u>11,366,169</u>

Disaggregation of revenue

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

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
<i>Major product lines</i>		
Live Enterprise	13,551,984	2,497,287
Live Broadcast	3,655,268	4,110,368
Recorded	<u>5,521,217</u>	<u>4,758,514</u>
	<u>22,728,469</u>	<u>11,366,169</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	5,521,217	4,758,514
Services transferred over time	<u>17,207,252</u>	<u>6,607,655</u>
	<u>22,728,469</u>	<u>11,366,169</u>

Note 5. Other income

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Other revenue	<u>189,560</u>	<u>850,187</u>

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

Note 6. Expenses

Loss before income tax includes the following specific expenses:

Depreciation

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Leasehold improvements	132,348	126,797
Plant and equipment	9,506	41,644
Buildings - right-of-use	207,749	206,830
Plant and equipment - right-of-use	82,558	120,956
Total depreciation	432,161	496,227

Amortisation

Development	802,880	580,463
Customer contracts	93,635	-
Intellectual property	-	38
Software	194,261	30,076
Total amortisation	1,090,776	610,577

Total depreciation and amortisation

1,522,937 1,106,804

Finance costs

Interest and finance charges paid/payable on borrowings	357,306	238,977
Interest and finance charges paid/payable on lease liabilities	37,549	24,681
Convertible notes interest	453,224	44,000
Embedded derivative fair value through profit and loss (note 8)	1,532,514	-
Finance costs expensed	2,380,593	307,658

Leases

Short-term lease payments included in office expenses	115,372	276,915
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Superannuation expense

Defined contribution superannuation expense	682,654	614,088
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Note 7. Borrowings

Current liabilities

Bank loans	-	757,686
Shareholder loans	-	2,413,918
Other loans	26,292	29,506
Convertible notes payable	-	9,918,942
Payable to related parties	215,590	128,375
	241,882	13,248,427

Non-current liabilities

Related party loans	144,348	384,034
	386,230	13,632,461

Note 7. Borrowings (continued)

Bank loans

The bank loans were paid on 21 September 2020.

Shareholder loans

The Company successfully completed its Initial Public Offering ("IPO") on the Australian Securities Exchange on 15 September 2020, in accordance with the agreement the Shareholder Loans were settled 45 days post the date of a successful IPO.

Convertible notes

The convertible notes, including the derivative component recognised as derivative financial instruments as disclosed in note 8, was settled as a result of a trigger event being the IPO, through conversion and issuance of ordinary shares. The value of shares issued was \$15,033,993 (refer note 10).

Note 8. Derivative financial instruments

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Derivative financial instrument	-	3,017,593

Refer to note 13 for further information on fair value measurement.

Derivative financial instruments refers to the derivative component of the convertible notes as disclosed in note 7.

Note 9. Provisions

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Deferred consideration	-	5,565,085
Other provisions	1,754,780	1,754,780
	1,754,780	7,319,865
<i>Non-current liabilities</i>		
Lease make good	265,352	265,352
	2,020,132	7,585,217

Deferred consideration

The deferred cash consideration became payable on or around 45 days from the IPO liquidity event which occurred on the 15 September 2020. The deferred equity consideration has been settled partly in cash and partly settled in ordinary shares. Cash paid amounted to \$2,707,940 and the value of shares issued was \$2,857,145 (refer note 10)

Note 10. Issued capital

	Consolidated			
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	144,377,861	96,200,980	59,850,401	8,980,031

Note 10. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	96,200,980		8,980,031
Capital raising issuance	9 September 2020	24,390,244	\$1.23	30,000,000
Supplementary capital raising issuance	9 September 2020	158,535	\$1.23	194,998
Employee share scheme	9 September 2020	7,667,250	\$0.53	4,028,387
Employee share option*	9 September 2020	960,000	\$0.49	472,856
Conversion of convertible notes**	9 September 2020	12,677,970	\$1.19	15,033,993
Deferred consideration	9 September 2020	2,322,882	\$1.23	2,857,145
Transaction costs		-	\$0.00	(1,717,009)
Balance	31 December 2020	<u>144,377,861</u>		<u>59,850,401</u>

* The employee share options relate to Equity-settled share-based payment transactions which are measured at fair value at the grant date, rather than the fair value of when the shares were issued.

** The Group has chosen to recognise no gain or loss on conversion of the convertible notes. Under this approach, the equity is measured by reference to the sum of the carrying amount of the financial liability (host debt contract) plus the carrying amount (fair value) of the embedded conversion option at the date of conversion, rather than the fair value of when the shares were issued.

Note 11. Reserves

	Consolidated 31 Dec 2020 \$	30 June 2020 \$
Foreign currency translation reserve	(507,622)	(22,863)
Employee share scheme reserve	-	8,308,142
Employee share option reserve	-	386,330
	<u>(507,622)</u>	<u>8,671,609</u>

Movements in reserves

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

Consolidated	Foreign currency translation reserve \$	Employee share scheme reserve \$	Employee share option reserve \$	Total \$
Balance at 1 July 2020	(22,863)	8,308,142	386,330	8,671,609
Foreign currency translation	(484,759)	-	-	(484,759)
Exercise/cancellation of share options	-	(8,308,142)	(386,330)	(8,694,472)
Balance at 31 December 2020	<u>(507,622)</u>	<u>-</u>	<u>-</u>	<u>(507,622)</u>

Note 12. Dividends

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

Note 13. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020

Liabilities

Derivative financial instruments

Deferred consideration

Total liabilities

Level 1 \$	Level 2 \$	Level 3 \$
-	-	-
-	-	-
-	-	-

Consolidated - 30 June 2020

Liabilities

Derivative financial instruments

Deferred consideration

Total liabilities

Level 1 \$	Level 2 \$	Level 3 \$
-	-	3,017,593
-	-	5,565,085
-	-	8,582,678

There were no transfers between levels during the financial half-year. During the half-year, the derivative financial instruments (note 8) and the deferred consideration (note 9) were settled.

Note 14. Contingent liabilities

The Group has given bank guarantees as at 31 December 2020 of \$264,962 (30 June 2020: \$264,962) to various landlords.

Note 15. Earnings per share

	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Loss after income tax attributable to the owners of Access Innovation Holdings Limited	(7,488,018)	(3,542,528)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	126,049,700	96,200,980
Weighted average number of ordinary shares used in calculating diluted earnings per share	126,049,700	96,200,980
	Cents	Cents
Basic earnings per share	(5.94)	(3.68)
Diluted earnings per share	(5.94)	(3.68)

Options and Convertible Notes have been excluded from the 31 December 2020 and 31 December 2019 calculations as their inclusion would be anti-dilutive.

Note 16. Events after the reporting period

On 4 January 2021, the Group completed the acquisition of 100% of the share capital of the two US-based companies, Caption IT LLC and Caption Access LLC, paying cash consideration of \$1.9 million on completion, with a further 10% retention due in 90 days, and the issue of 421,887 shares at \$1.046 per share.

Due to the impact of COVID-19, since 31 December 2020, Ai Media has seen increases in content requiring captioning. While some live events and some recorded media categories remain impacted, an accelerated shift towards virtual events and education resulting in increased demand for captioning from educational, government and non government organisations and corporate customers.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

For personal use

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Anthony Abrahams
Director

22 February 2021

Independent Auditor's Review Report to the members of Access Innovation Holdings Limited

Conclusion

We have reviewed the half-year financial report of Access Innovation Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 17.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

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

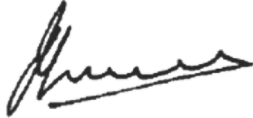
Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner
Chartered Accountants
Sydney, 22 February 2021