



**THEATRIX**

# Theatrix Holdings Group Pty Ltd

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## Crowd-sourced funding offer document

dated 16 November 2022

Offer of fully-paid ordinary shares in Theatrix Holdings  
Group Pty Ltd at \$3.5 per share to raise a maximum of  
\$500,000

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Theatrix Holdings Group Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

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Issuer

Theatrix Holdings Group Pty Ltd ACN 638 640 507

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Intermediary

Swarmer PTY LTD AFSL 50786

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## Section 1: Risk warning

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Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.





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## Section 2: Information about the Company

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### Letter from the Founder/CEO

Dear Theatrix investor,

On behalf of the Directors, I am pleased to present you with this opportunity to invest in an exciting Australian technology venture, Theatrix Holdings Group Pty Ltd (“Theatrix”).

Theatrix is a revolutionary new streaming service that delivers live entertainment and theatre performances via a monthly subscription service. Theatrix opens the door for artists and musicians to engage new audiences and embrace their futures through streaming.

Theatrix began, when I was seeking to watch Julie Taymor’s production of A Midsummer Night’s Dream in New York. There were no local tours scheduled at the time and the show had received astounding accolades overseas. After extensive searching, a gap in the market was identified. There didn’t exist a platform where a user could search for and stream live performances. Whilst some concerts are offered via live stream, there is no aggregator that provides an extensive library of events ranging from rock concerts through to theatre or even children’s performances. I also built Theatrix in a vital attempt to solve a range of major problems that are present in today’s arts sector. The arts traditionally rely heavily on Government funding, however, extensive arts funding cuts over the years combined<sup>1</sup> with the pandemic wreaking havoc, have brought Australia’s and the world’s not-for-profit arts sectors to the brink.<sup>2</sup> Live performances are inaccessible for many people and not everyone lives close to metropolitan areas. Consequently, many lovers of the arts living in rural communities have little or no accessibility to live performances.

The price of attending a live performance is also a hurdle. Tickets to arts, music and entertainment events can be expensive. Additionally, there are regularly other costs associated with attending such as transport, dinner, concessions, or even babysitters. This can result in access to live performances being prohibitively expensive for certain segments of the population. COVID is also still impacting decisions to attend live performances, with people electing to avoid attendance at populated events. Theatrix bridges the gap between live performances and on-demand streaming which has been a missing link in this sector.

Theatrix was established to set a new vision for the arts, one that is digitally enabled to help artists and the arts and cultural industries thrive because of our dynamic and commercial business model, practice, and technology. Theatrix provides a viable alternative for those who otherwise may struggle to access world-class live performances with competitive value-based positioning.

My aim is to create an arts and entertainment destination which delivers unforgettable experiences that fans cannot be without, and unlocks new revenue streams for artists. I want to make arts, music and culture accessible to all whilst bringing the live performances into the 21st century.

From the outset, Theatrix was established with the objective of growing internationally. It has a highly skilled team and an experienced Board of Directors. As Founder and CEO, I have a proven track record as a true maverick, creative visionary, accomplished and well-respected entrepreneur

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<sup>1</sup><https://www.abc.net.au/news/2020-11-14/australian-theatre-impact-of-covid-19-funding-cuts-youth-theatre/12871604>

<sup>2</sup> <https://witnessperformance.com/arts-funding-a-survey-of-destruction/>

and innovator. Having worked for decades as an award-winning industry disruptor and executive director, I have a proven ability to detect fundamental shifts in the cultural and entertainment sectors and create products that utilise new technologies to not only innovate but remain at the cutting edge of all things arts and tech.

Theatrix aspires for international growth in targeted markets, but to realise its ambitions, Theatrix needs the necessary capital resources to capture the market opportunity that we believe exists right now.

We are presenting an exciting opportunity to participate in a high-quality, entrepreneurial Australian entertainment company that has the potential to become a significant participant in its chosen geographic markets. There are risks that may impede Theatrix from achieving its growth

aspirations. That said, the Directors and management of Theatrix are using their best endeavours to ensure that Theatrix, its business plan and its milestones and targets are carefully thought through and are realistically set.

Full details of the Share Offer are set out in this Offer Document and it should be read carefully in its entirety before making an investment decision. On behalf of the Directors, I commend this Share Offer to you and welcome you as a shareholder of Theatrix.

Jamie Harding

Founder & CEO

Theatrix





## 2.1 Company Details

*This offer of shares is made by Theatrix Holdings Group Pty Ltd.*

Company name	Theatrix Holdings Group Pty Ltd (Australian Proprietary Company)
ACN	638 640 507
Date of incorporation	22/01/2020
Registered office	Level 2, 422 King William Street, Adelaide SA 5000
Principal place of business	Level 2, 1284 South Road, Tonsley SA 5042



## 2.2 Description of the business

### 2.2.1 Who are we?

Theatrix Holdings Group Pty Ltd (Theatrix) is an online video streaming service that delivers live entertainment, music, documentaries and theatre performances. The service brings a whole new world of 2D & live entertainment with Theatrix offering subscribers the best seats in the house to watch performances in music, theatre, opera, dance, comedy, circus, cabaret and more! All streamed over the Internet to customers TVs, computers and mobile devices.

Theatrix aims to be the leading streaming service for live performances globally. It allows customers to access a wide range of performances from the likes of Cirque Du Soleil through to concerts at the touch of a button. There exists a myriad of archives of content with recorded performances and shows that have not had the chance to be aired on platforms such as Disney+ and Netflix. Theatrix will unlock the potential of these performances and bring them into the home.

The same way that streaming forever changed how people watch movies and TV shows, Theatrix is aiming to transform arts, music and culture.

### 2.2.2 Business Highlights

- Theatrix has raised over \$135,000 from Angel Investors to develop the Theatrix Platform
- Theatrix was accepted into the AUSTRADE landing pads, in 2019, and Theatrix Founder, Jamie Harding, travelled, for six months to the globes-leading tech hubs in Tel Aviv, Berlin, London and New York and gathered major international partner traction.
- Theatrix was accepted into SOSA New York's incubator. SOSA works with innovation teams and business units in corporations (such as Sony, Warner Music and HP) and governments as they scout and validate startups and technologies to bring their clients the solutions they need<sup>3</sup>.
- The Theatrix platform is live. We have monthly recurring subscribers, and partnerships with national and international brands and companies, including the Royal Ballet, Cirque Du Soleil, Royal Shakespeare Company and more!
- Theatrix has 50+ titles ready to onboard/premier on our Theatrix platform. Funding will be used to start onboarding these titles.
- Theatrix has been able to secure multi-year offers with multiple content providers.
- Theatrix is in the process of finalising a distribution agreement with Telstra, that will allow Theatrix to launch on Telstra TV.
- Theatrix was awarded \$100,000 in September 2022 from the highly competitive Government of South Australia's Research and Innovation Fund (RIF) and SEED Start Program (funding subject to successfully launching on Telstra TV).
- In 2019, Theatrix, tipped out 60 start-ups to win the 2019 Gold Envie with \$47,000 in prizes.

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<sup>3</sup> <https://www.sosa.co/about/company>

### 2.2.3 What is our business strategy?

Theatrix has spent the last two years developing the streaming technology and undertaking early market validation. The Theatrix platform is operational (<https://www.theatrixhd.com/>) and there are currently trial customers who are using the platform and providing feedback. Funding is now being sought to commercialise the platform and to scale nationally.

Theatrix has two distinct commercialisation pathways:

1. Launch on Telstra TV in Australia and New Zealand - Theatrix has a signed agreement with Telstra to list the Theatrix App on Telstra TV. Currently, the Theatrix App is being tested by the Telstra TV team as part of quality assurance prior to being launched on the Telstra TV platform. It is expected that testing will be successfully completed in December 2022 and subject to no issues arising, the Theatrix App will launch on Telstra TV shortly after.
2. Direct-To-Market - Theatrix will start a launch marketing campaign to drive potential users directly to the Theatrix Web based platform (<https://www.theatrixhd.com/>).

To achieve the commercialisation plan, Theatrix will focus on the following goals (See Section 3.2 Use of Funds for details):

1. **Expanding our content offering** - Theatrix is currently negotiating for content rights to stream content on the Theatrix platform. The aim is to secure 50+ titles to stream on the platform once funding has been secured.
2. **Staff** - Theatrix will begin hiring further staff to assist with scaling the business and fill skill gaps.
3. **Marketing** - Theatrix will begin a marketing campaign to increase traffic to the Theatrix platform whilst growing customer acquisition, digital presence and lead generation.
4. **Research & Development** - Theatrix is looking to continually improve the Theatrix platform. Funds will be invested into further research and development to continue to improve the user experience whilst extending our service to more internet-connected screens and set-top box providers globally.

#### **Expanding Our Content Offering**

For Theatrix, it's all about content. To keep growing our subscriber base, Theatrix will constantly negotiate licensing agreements with networks, producers and content owners. Each agreement will vary upon the needs of both parties. The agreement is a fixed price (upfront fee) for a period of time (normally 12 month period) and depending on availability, exclusive and non-exclusive deals can be secured. When the licensing agreement ends, both parties can negotiate a renewal, or Theatrix can choose to drop a show from our library if viewer interest doesn't warrant the cost. In future years, we will look to invest in our own content production.

Theatrix will aim to source the following content:

- Live and pre-recorded theatre performances.

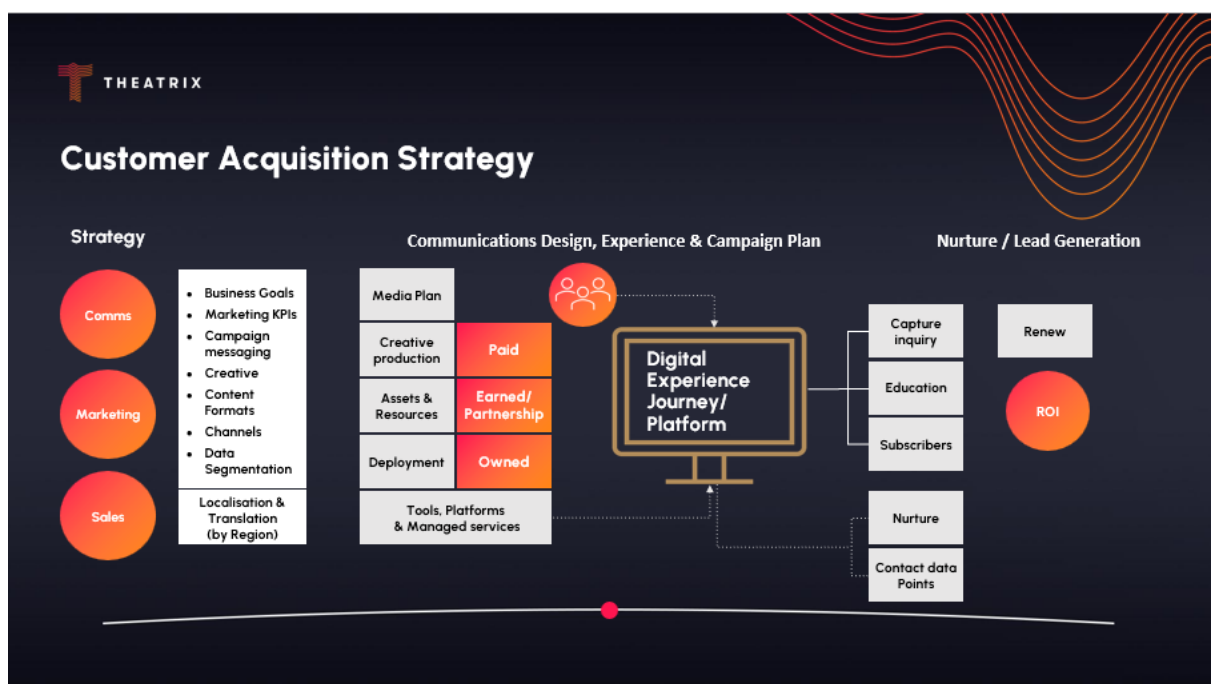
- Live and pre-recorded music concerts.
- Art and music documentaries.

## **Staff**

Theatrix has spent the last two years in product development and market research. As the business transitions towards a commercialisation and growth phase, new skills are needed to grow the business. In particular, Theatrix will look to hire the following:

- Customer Support.
- Digital Marketing Manager.

## **Marketing and Customer Acquisition Strategy**



Theatrix have a strong go-to-market (GTM) plan and have signed a three year partnership with one of Australia’s leading digital marketing agencies McCorkell, whose top tier clients include Amazon Web Services, LinkedIn, Google, Salesforce, Lexus just to name a few. McCorkell will work alongside our internal team to implement our strategic plans to help us to grow our revenue and customer base.

## **Research and Development**

The Theatrix website will be continuously optimised. This will be supported by speed of delivery, user-friendly interface to improve user engagement. A seamless application of UX and UI across all digital touchpoints will drive customer experience and continued conversion. We will test all proposed changes to our product, including new recommendation algorithms, user interface (UI) features, content promotion tactics, streaming algorithms, the new member signup process and payment methods, and ask our members through online experiments which experiences resonate best.



Our platforms will be localised for language, currency, payment options and will allow us in future years to look to begin international expansion.

### 2.2.4 What is our business model?

Theatrix is already home to well-known titles and brands with more in the pipeline. Monthly subscriptions to access Theatrix start at AU\$7.99 per month.

Consumers subscribe to Theatrix because we believe it delivers content that is different from what other streaming services are offering, whilst offering an affordable price point. Theatrix believes audiences are looking for new, diverse content in a rapidly growing video streaming market and much of the content that will be offered by Theatrix is not currently available through other streaming services, allowing the platform to attract ‘untapped’ audiences. The first mover advantage, alongside exclusive content agreements will provide Theatrix with a significant competitive advantage.

Theatrix currently offers a basic subscription plan, but in the near future we will offer a variety of Subscription Video on Demand (SVoD) plans to meet our customers’ needs. These can be seen in table 1 below . The plan, chosen by the consumer, will determine the number of devices that they can watch Theatrix on at the same time, with all plans offering consumers unlimited shows and content. Theatrix subscribers have the freedom to change their plan or cancel online at any time.

**Table 1: Current and Planned Theatrix Subscription Plans**

	Current Offering	Future Offering	
	Basic	Standard (HD)	Premium (4K)
Monthly Cost (AUD)	\$7.99	\$12	\$15
Number of screens you can watch on at the same time	1	2	4
Number of phones or tablets you can have downloads on	1	2	4
Unlimited shows and content	✓	✓	✓
Watch on your laptop, TV, Phone or Tablet	✓	✓	✓
HD available		✓	✓
Ultra HD available			✓

## 2.2.5 Competitors

There are a number of competitors that offer streaming focused on theatre and the arts. These can be seen in Table 2 below.

**Table 2: Theatrix Competitors**

Competitor	Established Date	Size	Value to Customers	Strengths	Weaknesses
Broadway HD, New York, US (Private)	2015	<u>2018</u> Over 200 titles, including plays, concerts and theatre documentaries <sup>4</sup> Employees = 16 <sup>5</sup>	BroadwayHD is an on-demand digital streaming media company. Based in NYC. The company records and distributes musical theatre performances and previously recorded theatrical productions through its platform <sup>6</sup> .	As long standing members of the live performance community, they formed agreements with all 17 unions, guilds and associations behind Broadway shows so that show creators are compensated for filming <sup>7</sup> .	Dated content and limited curation
Digital Theatre, UK (Private)	2008 (Streaming since 2010)	<u>2021</u> Partnerships with +22 theatres and offering 133 performances including opera, ballet, musicals and drama <sup>8</sup>	Bring literature to life with Digital Theatre, an online platform that allows your students to access theatre anywhere, anytime. Designed by teachers for teachers, Digital Theatre offers unparalleled access to world-class theatre productions, mapped to the latest international curriculums <sup>9</sup> .	Active online social media presence with over 12,000 followers on Twitter and 16,000 fans on Facebook.	Dated Content, limited curation, lacking diversity in content
Met Opera, New York, US (Not-for-profit)	(Streaming since 2006)	<u>2011-12</u> US \$325 million operating budget (43% from private donations) <sup>10</sup> . The largest classical music organisation in North America, presenting 27 different operas each year, their total 'Live in HD' audience reached 3 million through 1600 theatres worldwide <sup>11</sup>	In an effort to build revenues and attract new audiences, Met Opera broadcasts live via satellite, performances of their productions to cinemas around the world. Year-round, online video and audio of hundreds of complete operas and excerpts are available to viewers via Met Player, the Met Opera's own online archive of recorded performances. Complete operas and	Active online social media presence with over 243.1K followers on Twitter and 594K fans on Facebook.	Met Opera only broadcast their own productions and only offer audiences opera.

<sup>4</sup> <https://playbill.com/article/broadwayhd-to-stream-west-end-shows>

<sup>5</sup> <https://www.zoominfo.com/pic/broadwayhd-llc/374274309>

<sup>6</sup> <https://en.wikipedia.org/wiki/BroadwayHD>

<sup>7</sup> *ibid*

<sup>8</sup> Enders Analysis 2014, Case study: Digital Theatre, viewed 20 February 2020.

[https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0022/77413/4\\_digital\\_theatre.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0022/77413/4_digital_theatre.pdf)

<sup>9</sup> <https://www.cambridge.org/au/education/digitaltheatre>

<sup>10</sup> Met Opera Annual Reports, viewed 3rd of February 2021. <https://www.metopera.org/about/annual-reports/>

<sup>11</sup> [https://en.wikipedia.org/wiki/Metropolitan\\_Opera#:~:text=The%20Metropolitan%20Opera%20is%20the,from%20late%20September%20through%20May](https://en.wikipedia.org/wiki/Metropolitan_Opera#:~:text=The%20Metropolitan%20Opera%20is%20the,from%20late%20September%20through%20May)

			selections are also available on the online music service Rhapsody, and for purchase on iTunes. The Met Opera also has a radio channel available to listeners via the internet <sup>12</sup> .		
National Theatre Live, UK (Public)	2009	<u>2015/16</u> Income = 6 million pounds Expenditure = 5.1 million pounds <sup>13</sup> 2019 Broadcasts in 2,500 venues in 65 countries <sup>14</sup>	An initiative operated by the Royal National Theatre in London, National Theatre Live broadcasts live via satellite, performances of their productions (and from other theatres) to cinemas and arts centres around the world. <sup>15</sup>	Owned by Royal National Theatre <sup>16</sup> . Active online social media presence with over 495.8K followers on Twitter and 292K fans on Facebook.	Broadcasts in cinema and arts venues only and broadcast their own productions.

## 2.2.6 Competitive Advantage

Theatrix will enter the market with a competitive value-based positioning, offering a ‘niche’ live performance streaming service at a price lower than existing premium services, such as Netflix. Theatrix will differentiate itself from its competitors by focusing on the following key pillars:

- Pricing Strategy
- Value to Customer
- Unique selling position

### Pricing strategy

Theatrix will adopt a market penetration pricing strategy undercutting existing competitors’ live performance video streaming service offerings with a wider range of content to gain maximum market share quickly. Tactically, Theatrix will offer free-trials to potential new subscribers, loyalty discount promotions to renewing subscribers as well as price bundling depending on the number of devices subscribed to.

### Value to customer

At Theatrix, we are not just focussed on our customers, we are absolutely obsessed with them. Theatrix will offer a competitive flat monthly fee and no hassle cancellation policy. We have developed a site that is easy to navigate, and will customize and personalise the experience using an AI algorithm that will evolve to serve up custom artwork thumbnails to entice viewership as well as serving content that caters to all customers’ tastes. This mass customisation approach enables us to not just have one Theatrix product but hundreds of millions of products; one for each member profile. Each experience is personalized across many dimensions: the suggested

<sup>12</sup><https://www.metopera.org/about/press-releases/the-met-announces-launch-of-new-streaming-platform-making-live-simulcasts-available-for-home-audiences/>

<sup>13</sup>National Theatre Annual Reports, viewed 1st of January 2021.

<sup>14</sup><https://www.nationaltheatre.org.uk/about-the-national-theatre/key-facts-and-figures/annual-reports>

<sup>15</sup> *ibid*

<sup>16</sup> Fathom Events 2019, The MetL Live in HD, viewed 20 June 2019, The Met: Live in HD | Fathom Events

<sup>17</sup>[https://en.wikipedia.org/wiki/Royal\\_National\\_Theatre#:~:text=The%20Royal%20National%20Theatre%20in,National%20Theatre%20of%20Great%20Britain.](https://en.wikipedia.org/wiki/Royal_National_Theatre#:~:text=The%20Royal%20National%20Theatre%20in,National%20Theatre%20of%20Great%20Britain.)

videos and their ranking, and the way videos are organized into rows and pages. We will also collect, analyse and apply data insights at all stages of the customer journey with a constant and dynamic feedback loop. We will also recommend shows to members. When a show is added we will send a personalised email or notification based on a member's existing viewing habits. This email will not only notify them of recommendations, but allow them to take immediate action to instantly watch or add new content to a watch list. We are constantly on the hunt for the latest and greatest content for our audiences to watch, whilst aiming to keep the Theatrix catalogue fresh and in the moment.

**Unique selling position**

Theatrix offers our target audience live performances that are curated, accessible and affordable. Users can stream 24-7, minus ads! We also provide access to a wide range of content for all tastes, whilst striving to offer personalized lists and recommendations, based on the content watched. User accounts allow each person in the family to have a personalized profile and all this can be accessed through many devices that are connected to the internet.

Theatrix brings together all the magic elements of the live performance and replicates them digitally, so you can discover and immerse yourself in all facets of the arts and music industries- from the comfort of your own home.

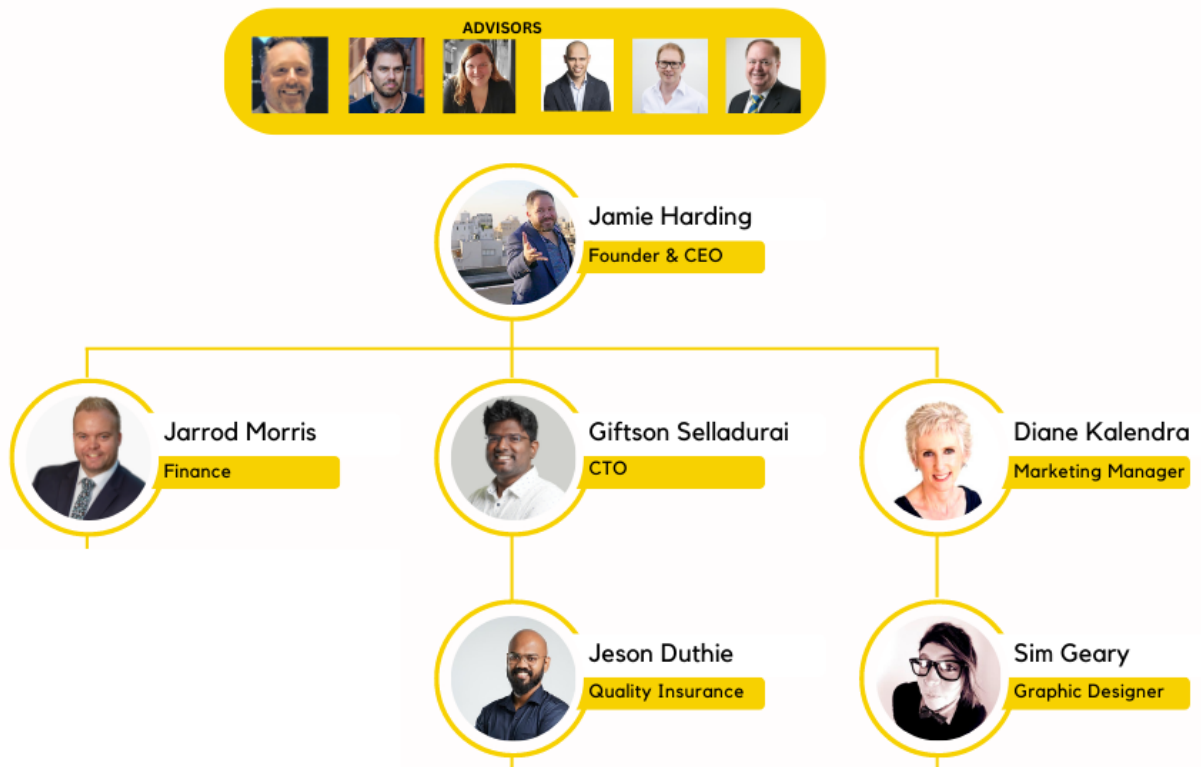
Theatrix is a revolutionary Subscription Video on Demand (SVoD) platform designed to deliver unforgettable experiences. The unique selling position is structured to support the arts and music sectors throughout the changes that COVID has created when viewing and consuming entertainment. The need to digest entertainment remains the same, even with venues limited in capacity or closing. Theatrix solution opens entertainment to the masses ensuring to support the industry's long term sustainability by providing a solution to the recent losses in revenue and employment.

Audiences will respond to Theatrix in a major way, as with the changing environments - audiences will be subjected to an increased ticket price due to supply against demand of theatrical, musical and artistic performances. Theatrix will relieve this issue by aggregating physical entertainment into a single view online through a subscription model to create access to audiences to promote content engagement.

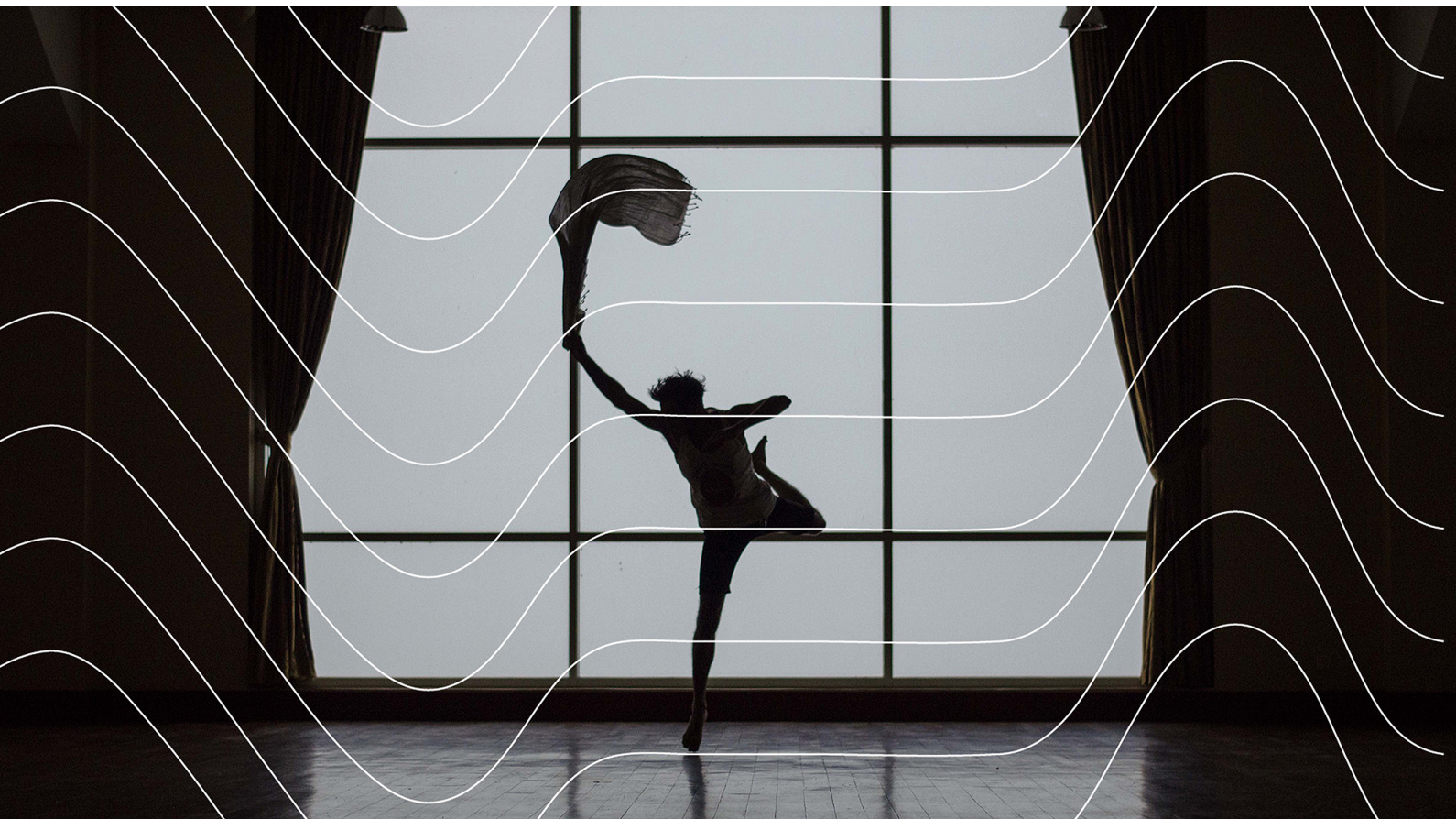




## 2.2.7 What does our organisation look like?



See section 2.4.1 for skills and experience of each director and senior manager





## 2.3 Capital structure

### 2.3.1 Issued capital

As at the date of this CSF offer document, the Company has 1,000,000 Ordinary shares as set out in Table 3 below. There are no options on issue. \$135,408 of Simple Agreements for Future Equity (SAFE) have been issued. Please see Table 3 and 4 below for further details.

**Table 3: Issued capital of the Company before the Offer**

Shareholder	Share Type	Shares
Jamie Harding Nominees Pty Ltd	Ordinary	1,000,000
<b>Total</b>	N/A	1,000,000

### **SAFEs**

Created by Y Combinator, a SAFE (Simple Agreement for Future Equity) grants an investor the right to purchase equity at a future date.

Theatrix has issued \$135,408 worth of SAFEs, all under the same terms. For a list of the SAFEs please see Table 4 below. See Appendix 1 for the SAFE Agreements. Key terms of the issued SAFEs are as follows :

- Discount:
  - Early Bird Discount Rate: 25%
  - Normal Discount Rate: 20%
- Valuation Cap:
  - Early Bird Valuation Cap: USD 4,000,000
  - Normal Valuation Cap: USD 5,000,000
- Trigger Event:
  - Qualifying Financing Round: USD 750,000 or more

**Table 4: Issued SAFEs**

Shareholder	Investment Type	Amount (AUD)
Waltercomp Pty Ltd	SAFE	\$10,000
Dr Ignatius Oyugbo and Dr Betty Oyugbo	SAFE	\$25,000
Ajao Family Trust	SAFE	\$25,000
Momilade Family Trust	SAFE	\$20,000
Sylvia Kalendra	SAFE	\$1,100
Peter Kalendra for the Kalendra Superfund and Jonathan Kalendra	SAFE	\$16,320
Diane Kalendra	SAFE	\$1,000
Paul Kalendra	SAFE	\$500
Deb Harding & Brian Klintberg	SAFE	\$2,000
Chloe-Anne Harding	SAFE	\$1,000
Ruth Robinson	SAFE	\$1,688
Jesse Twartz	SAFE	\$3,000
Raphael Garcia (Family and Friends Consortium)	SAFE	\$10,000
Linda Jackson and Ian Ross (Family and Friends Consortium)	SAFE	\$2,000
Alvin Jupp and Sharon Kernohan	SAFE	\$1,000
Debra, Bruce and Joshua Watts	SAFE	\$2,000
Neil Gavin Johnson and Catherine Rose Johnson	SAFE	\$2,000
Paul Watts	SAFE	\$1,000

Shareholder	Investment Type	Amount (AUD)
Russell Holtham and Marie Rinaldi	SAFE	\$1,000
Matthew Fielder	SAFE	\$2,500
Doug Farmer	SAFE	\$7,300
<b>Total</b>	<b>SAFE</b>	<b>\$135,408</b>

**Table 5: Issued capital of the Company following the Offer**

Shares	Minimum Subscription	Maximum Subscription
Director shares (Jamie Harding through Jamie Harding Nominees Pty Ltd)	1,000,000 (98.6%)	1,000,000 (87.5%)
Offer shares	14,286 (1.4%)	142,857 (12.5%)
<b>Total shares on issue (undiluted basis)*</b>	<b>1,014,286 (100%)</b>	<b>1,142,857 (100%)</b>

\* If All SAFES were exercised with the 25% discount, the fully diluted issued capital of the Company would be 1,062,646 shares (minimum subscription) and 1,191,217 (maximum subscription).

### **2.3.2 Rights associated with ordinary shares and options**

As of the date of this Offer, the only class of shares on issue are ordinary shares. There is no shareholders agreement between the existing shareholders. Shareholders are only liable for the funds they have contributed to purchasing their shares. The rights of shares are set out in the Constitution and Section 3.3 of the offer document. A copy of the Company's constitution is available on Swarmers platform.

### **2.3.3 Debt funding and other sources of funding**

To Date, Theatrix has been financed by a combination of government grants, SAFEs and debt funding outlined below.

## **Government Grants**

- Government of South Australia's Research and Innovation Fund - SEED Start Grant
  - Amount: \$100,000,
  - Date: Granted 1/9/22 (no repayment terms)
  - Terms: Funding conditional to listing Theatrix on the Telstra TV platform
- Arts SA (Gener8 Theatre and Arts Recovery Grant)
  - Amount: \$100,000
  - Date: 30/04/2021 (no repayment terms)
  - Terms: No Terms

## **SAFEs**

Theatrix has issued \$135,408 worth of SAFEs, all under the same terms. See 2.3.1 for details.

## **Loans**

Loan from Ovation Pty Ltd (Ovation Pty Ltd is a company owned by Jamie Harding)

- Amount: \$47,927
- Interest: 0%
- Repayment terms: Loan will be repaid when the business is cash flow positive and the business can afford the repayment

## **2.4 Directors and senior managers**

### **2.4.1 Our director and management**

#### **Jamie Harding (Founder and CEO)**

20 years' experience as a Producer, Director and actor. He's an innovator and the voice of the customer at Theatrix, a champion for Australian Arts and Culture and the use of emerging technologies, and is the reason Theatrix has managed to connect with so many content providers. He has a track record as a successful serial entrepreneur.

#### **Giftson Selladurai (CTO)**

Giftson is a results-oriented visionary leader with over 12 years of experience, specializing in corporate strategy, industry trends, operations management, and holistic transformation for business, IT, and organizations. Giftson has served top multinational companies like Infosys Technologies, Bank of America to name a few. Giftson also holds an International patent for his innovative approach towards Social Media engagement, which is currently patented in many countries globally.

#### **Dr Diane Kalendra (Marketing Manager)**

Diane has over 25 years' experience developing and implementing strategic and operational plans to introduce new technologies that have resulted in the transformation of global markets for world-class innovators.



**Peter Kalendra (Non-Executive Director)**

An entrepreneur who has worked in private enterprise for the last 40 years & board member of several multi-million dollar corporations. One of his companies was a finalist in the South Australian top 25 business awards in 2008. Past Board members positions include Adelaide Crows and Tourism SA.

**Advisors**

**Kirk Drage and Leap Sheep - Growth Advisors (Advisory Board)**

Has lived and breathed the high-tech community for the past decade. Working with founders, helping them from ideation to impact. Experience in handling investments, mergers, acquisitions with the world’s leading unicorns.

**Bill Campbell (Global Licensing)**

Former Senior Vice President at Sony and Universal Music in the U.S. Skills include music licensing, start-up funding, strategy/growth & strategic partnerships. He bought Tik Tok and SoundCloud into the US. Bill is the globally recognized expert of international streaming processes, global licensing and rights negotiations.

**Nimrod Vromen (Chief Legal Officer)**

Has lived and breathed the high-tech community for the past decade. Working with founders, helping them from ideation to impact. Experience in handling investments, mergers, acquisitions with the world’s leading unicorns.

**Jarrold Morris (Chief Financial Officer)**

Ex-KPMG, he supported the launch of Groupon in Australia, scaled Nearmap to ASX tech darling and rebranded the relaunch of BNPL product HUMM.

**2.4.2 Legal or disciplinary actions**

**Jamie Harding**

Source	Court	Date	Offence	Result
SA	Murray Bridge MC	20/09/2016	Drive with Excess Blood Alcohol	Convicted Fined \$900 Driver’s licence disqualification 11 days
SA	Murray Bridge MC	20/09/2016	Exceed Speed Limit by 30-44 km/hr	Convicted Fined \$400

## 2.5 Risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (e.g. risks relating to general economic conditions or the inability to sell our shares).

**Table 6: Main Risks Facing the Business**

Type of risk	Description of risk
<b>Well-branded streaming services refocusing on Theatre</b>	There are several, well branded competing international streaming services that are focused on movies and TV shows. If they refocus on theatre and stage-based content, Theatrix may struggle to compete.
<b>Influx of low-mid-level streaming services on a local and international level</b>	An Influx in new competing streaming services could provide users with more options and affect Theatrix's market share and ability to scale nationally and internationally..
<b>Cyber Security</b>	Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, including member and corporate information, or theft of intellectual property, including digital content assets, which could adversely impact our business.
<b>Cost Increases</b>	Suppliers such as content producers, or costs such as content licenses, may increase due to higher bargaining power on the suppliers' side causing financial challenges.
<b>Sourcing Key Staff</b>	Theatrix's use of funds includes hiring further personnel. If Theatrix is unable to source key staff to meet requirements it may hinder Theatrix's ability to scale.

## 2.6 Financial information

Below are the financial statements of Theatrix Holdings Group Pty for the FY22 which have been prepared in accordance with the Accounting Standards.

### Balance Sheet

#### Theatrix Holdings Group Pty Ltd As at 30 June 2022

30 JUN 2022

#### Assets

##### Current Assets

Business Account	4,202
Cash on Hand	100
GST	11,974
Loan - Jamie Harding	25,611
Trademark	1,260
<b>Total Current Assets</b>	<b>43,147</b>

##### Non-Current Assets

Establishment costs	7,345
Establishment costs- Amortisation	(7,345)
Software Development - Theatrix platform	121,000
Software Development - Theatrix platform - Amortization	(24,200)
<b>Total Non-Current Assets</b>	<b>96,800</b>

**Total Assets** **139,947**

#### Liabilities

##### Current Liabilities

##### Income Tax Payable

Income Tax Payable	11,436
<b>Total Income Tax Payable</b>	<b>11,436</b>

ATO - Integrated Client Account (2,302)

**Total Current Liabilities** **9,134**

##### Non-Current Liabilities

Loan - Ajao Family Trust	25,000
Loan - Alvin Jupp / Sharon Kernohan	1,000
Loan - Brian Klintberg	1,000
Loan - Bruce & Debra Watts	1,000
Loan - Chloe Harding	1,000
Loan - Debra Harding	1,000
Loan - Diane Kalendra	1,000
Loan - Doug Farmer	7,300
Loan - Dr Ignatius & Betty Oyugbo	25,000
Loan - Jesse Thwartz	3,000
Loan - Josh Watts	1,000
Loan - Linda Jackson and Ian Ro	2,000
Loan - Matthew Fielder	2,500
Loan - Momilade Family Trust	20,000
Loan - Neil G Johnson	2,000
Loan - Ovation	47,927
Loan - Paul Kalendra	500



Loan - Paul Watts	1,000
Loan - Peter Kalendra	16,320
Loan - Raphael Garcia	10,000
Loan - Russell Marie	1,000
Loan - Ruth Robinson	1,688
Loan - Sylvia Kalendra	1,100
<b>Total Non-Current Liabilities</b>	<b>173,335</b>
<b>Total Liabilities</b>	<b>182,469</b>
<b>Net Assets</b>	<b>(42,522)</b>
<b>Equity</b>	
Retained Earnings	(42,622)
Share Capital	100
<b>Total Equity</b>	<b>(42,522)</b>





# Profit and Loss

## Theatrix Holdings Group Pty Ltd For the year ended 30 June 2022

2022

<b>Income</b>	
<b>Trading Profit</b>	
Sale of Goods	1,192
Cost of Sales	(22,500)
<b>Total Trading Profit</b>	<b>(21,308)</b>
<b>Total Income</b>	<b>(21,308)</b>
<b>Total Income</b>	<b>(21,308)</b>
<b>Expenses</b>	
Bank Fees	183
Consulting & Accounting	1,185
Content Costs	5,381
Cyber Security Expenses	(5,214)
Entertainment	39
Filing Fee	1,165
Fines & Penalties	664
Marketing	26,466
Meeting / Conference Fees	552
Motor Vehicle	14,930
Office Expenses	686
Printing & Stationery	11
Rent	900
Subscriptions	4,189
Telephone & Internet	1,100
Travel and Accommodation	176
Utilities	1,450
<b>Total Expenses</b>	<b>53,862</b>
<b>Profit/(Loss) before Taxation</b>	<b>(75,170)</b>
<b>Net Profit After Tax</b>	<b>(75,170)</b>
<b>Net Profit After Distributions/Dividends Paid</b>	<b>(75,170)</b>



## Statement of Cash Flows - Direct Method

### Theatrix Holdings Group Pty Ltd For the year ended 30 June 2022

	2022
<b>Operating Activities</b>	
Receipts from customers	1,312
Payments to suppliers and employees	(22,500)
Finance costs	(183)
GST	1,756
Cash payments from other operating activities	(55,557)
<b>Net Cash Flows from Operating Activities</b>	<b>(75,172)</b>
<b>Investing Activities</b>	
Other cash items from investing activities	12,885
<b>Net Cash Flows from Investing Activities</b>	<b>12,885</b>
<b>Financing Activities</b>	
Other cash items from financing activities	62,286
<b>Net Cash Flows from Financing Activities</b>	<b>62,286</b>
<b>Net Cash Flows</b>	<b>-</b>
<b>Cash and Cash Equivalents</b>	
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	-

## Movements in Equity

### Theatrix Holdings Group Pty Ltd For the year ended 30 June 2022

	2022
<b>Equity</b>	
Opening Balance	32,648
<b>Increases</b>	
Profit for the Period	(75,170)
<b>Total Increases</b>	<b>(75,170)</b>
<b>Total Equity</b>	<b>(42,522)</b>



# 3.1 Offer Information

The Company is offering up to 142,857 shares at an issue price of \$3.50 per share to raise up to \$500,000. The key terms and conditions of the Offer are set out in Table 7 below.

**Table 7: Terms of the Offer**

Term	Details
Shares	Fully-paid ordinary shares
Price	\$3.5 per share
Minimum Subscription	\$50,000
Maximum Subscription	\$500,000
Valuation (Pre-Money)	\$3,500,000
Opening date	16/11/2022
Closing date	14/12/2022

A description of the rights associated with the shares is set out in Section 3.3 below. To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

## 3.2 Use of funds

Table 8 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

**Table 8: Use of funds**

Intended use	Minimum Subscription	Maximum Subscription
Purchase of more titles (mix of exclusive and non-exclusive)	\$47,000	\$200,000
Brand awareness and marketing to further drive subscription numbers in AUS and NZ markets	0	\$100,000
Research and development to continue to improve user experience whilst extending our service to more internet-connected screens and set-top box providers globally	0	\$36,000
Recruiting further team members	0	\$134,000
Offer costs (Paid to Swarmer Pty Ltd)	\$3,000	\$30,000
<b>Total funds</b>	<b>\$50,000</b>	<b>\$500,000</b>

See Section 2.2.3 for further details.

Details of payments to be made to directors and senior managers are itemised below:

- Directors' remuneration: Jamie Harding will be paid an annual salary of \$100,000 once the business generates more than \$300,000 in revenue per annum.

The costs of the Offer include the Intermediary's fees under the hosting agreement between the Company and the Intermediary (Swarmer Pty Ltd). These fees are 6% of the raised amount.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.



We expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 18–24 months.

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12–18 months. In such circumstances, the Company may consider undertaking a further CSF offer under the CSF regime. Until additional funding is obtained, we will scale back sales and marketing and produce development activities, and continue to focus our cash resources on securing content for the platform and generating revenue.

### **3.3 Rights associated with the shares**

Immediately after issue, the shares will be fully paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is available on the Intermediary's platform.

#### **3.3.1 Voting Rights**

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

#### **3.3.2 Election and Removal of Directors**

The Directors will consist of no more than five directors and must have at least two directors while the Company is making a CSF Offer or has one or more CSF Shareholders.

Subject to the maximum number of directors under clause 50 not being exceeded:

1. the Directors may appoint a director;
2. the Company in general meeting may appoint a director; or
3. a member may appoint a director as follows:
  - a. if a member's Equity Proportion is less than 20% at any time it has no right to appoint a Representative Director;
  - b. if a member's Equity Proportion is at least 20% but less than 40% at any time it has a right to appoint up to one Representative Director;
  - c. if a member's Equity Proportion is at least 40% but less than 60% at any time it has a right to appoint up to two Representative Directors;
  - d. if a member's Equity Proportion is at least 60% but less than 80% at any time it has a right to appoint up to three Representative Directors; and
  - e. if a member's Equity Proportion is 80% or more at any time it has a right to appoint up to four Representative Directors.

#### **3.3.3 General Meetings and Notices**

The Directors may call a meeting of shareholders, when and where the Directors decide. The Directors must call a meeting of shareholders when requested by the shareholders specified in the Corporations Act. The shareholders specified in the Corporations Act may call a meeting of shareholders.

At least 21 days' notice must be given of a general meeting. However, unless prohibited by the Corporations Act, the Company may call a general meeting on shorter notice if shareholders with at least 95% of the votes that may be cast at the meeting agree beforehand.

### **3.3.4 Resolution and Special Resolution**

A meeting of shareholders makes a decision by passing a resolution. A resolution is passed if more than 50% of the votes cast by shareholders entitled to vote are in favour of the resolution (unless the law requires a special resolution).

A special resolution is passed if:

1. the notice of the meeting sets out an intention to propose the special resolution and states the resolution; and
2. it is passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.
3. Subject to this constitution and any special rights or restrictions attached to a share, at a meeting of shareholders.

The business of the Company is managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the Corporations Act or this constitution requires the Company to exercise in general meeting.

Notwithstanding the above, the Company must not make, and must ensure no subsidiary makes, any decision covering a matter listed below without the approval of the shareholders by special resolution:

1. (encumbrances) granting any Security Interest of any nature in respect of all or any material part of the Company's undertaking, property, assets or the issuance of any guarantee in favour of the obligations of a third party (other than an Affiliate);
2. (share rights) varying the rights of any shares;
3. (constitution) amending this constitution; and
4. (related party transactions) other than as permitted by this constitution, transactions between the Company and a shareholder or its Affiliate which are outside of the ordinary course of business, otherwise than on arm's length terms.

### **3.3.5 Dividends**

Subject to any special rights or restrictions attached to a share; and any restrictions in the Corporations Act, the Directors may pay Dividends as they decide. Subject to any special rights or restrictions attached to a share, the holder of a fully paid share is entitled to the full Dividend on the share (whether the issue price was paid or credited or both). The Directors may determine that a Dividend will be payable on a share and fix:

- the amount;
- the time for payment; and
- the method of payment.

The Directors may implement a dividend reinvestment plan on any terms, under which the Dividends of participants are applied in subscribing for securities of the Company or a related body corporate.

### **3.3.6 Pre-Emptive Rights**

Before issuing shares of a particular class, the Directors must offer them to the existing holders of shares of that class.

### **3.3.7 Share Plan**

At any time the Directors may establish a formal written share plan to issue shares in the Company or grant options over unissued shares in the Company to eligible service providers (whether directors, employees or contractors) that result in the issue of that number of shares of an amount up to 15% of the fully diluted share capital of the Company as at the date of the written share plan.

### **3.3.8 Drag Along Rights**

If the Company or any shareholder receives a bona fide offer from a third party to purchase all of the shares in the Company and shareholders acting together owning at least the Drag Threshold of the issued shares in the Company wish to accept the Third Party Offer, any Dragging Shareholder is entitled to issue to some or all of the remaining shareholders a notice requiring each such Other Shareholder to sell to the third party specified in the Drag Along Notice some or all of the Other Shareholder's shares. The Drag Threshold will be 51% of the total issued shares in the Company.

### **3.3.9 Tag Along Rights**

A Tag Along Notice gives each Tag Along Shareholder the right (Tag Along Option) to require the Seller to procure the purchase. If a shareholder (Seller) is entitled, and wishes, to sell unallocated shares to a third party purchaser, and the unallocated shares total the Tag Threshold or more of the total issued shares in the Company, the Seller must, before that sale, give notice to the Directors to that effect, and the Directors must (as agent of the Seller) notify each other shareholder of the Seller's intention (Tag Along Notice). The Tag Threshold will be 51% of the total issued shares in the Company.

### **3.3.10 Winding Up**

Subject to any special rights or restrictions attached to shares:

1. if on a winding up there are enough assets to repay all capital to shareholders, all capital must be repaid to the shareholders and any surplus must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up began;
2. if on a winding up there are not enough assets to repay all capital to shareholders, the available assets must be distributed among the shareholders in proportion to the amounts paid on their respective shares before the winding up begins (without the necessity of a call up).



# 4.1 Investor Rights

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows:

1. Proceed to your profile on the top right-hand side of the screen on Swarmer's website by clicking your profile image.
2. click on the right-hand side bar and select "My Investments."
3. Scroll until you find your Theatrix Investment.
4. Click the "Withdraw" button below the Theatrix logo.
5. Confirm the selection by clicking the "Confirm" button on the pop up.
6. Your Withdraw request will be processed. This may take a few days to complete.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

## 4.2 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.



## **4.3 Proprietary company corporate governance obligations**

### **4.3.1 Annual report**

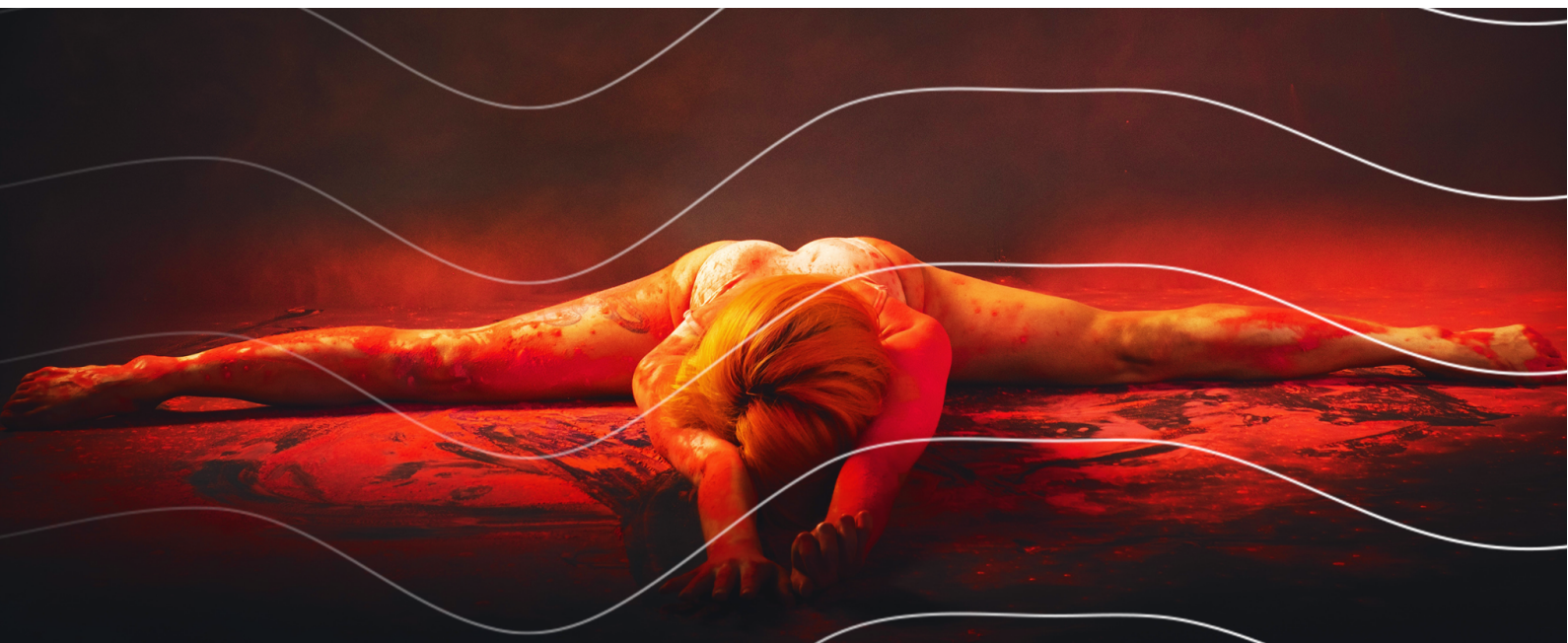
While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight, and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance, and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers), or, otherwise, become a large proprietary company.

### **4.3.2 Distribution of annual report**

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address [www.theatrixhd.com](http://www.theatrixhd.com) (free of charge) or can purchase the report from ASIC.



### **4.3.3 Related party transactions**

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

### **4.3.4 Takeovers**

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means that a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.





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# 1. Glossary

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*Company* means Theatrix Holdings Group Pty Ltd ACN 123 456 789

*Cooling-off Period* means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money.

*CSF* means crowd-sourced funding under Part 6D.3A of the Corporations Act.

*Intermediary* means Swarmer Pty Ltd AFSL 507 867

*Maximum Subscription* means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer.

*Minimum Subscription* means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer.

*Offer* means an offer of fully-paid ordinary shares by the Company under this CSF offer document.



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**Appendix 1:** SAFE Example

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**THIS SAFE** is made on 7th of August 2022 (the “**Agreement**”)

## **1 Parties**

This Agreement is made between:

the parties listed in (each an “**Investor**” and collectively the “**Investor Group**”); and

**Theatrix Holdings Group Pty Ltd** (“**Company**”)  
**ACN: 638 640 507**  
of Level 2, 1284, South Road, Tonsley, 5042

## **2 Recitals**

The Investor is willing to advance the Company the Principal Amount subject to the conditions specified in this Agreement.

## **3 Interpretation**

In this Agreement, unless the contrary intention appears:

“**Assets**” means the Company’s goodwill, stock, equipment, owned intellectual property, technological developments, rights to business contracts and promotional material;

“**Business Day**” means a day that is not a Saturday, Sunday or public holiday in Victoria, Australia;

“**Conversion**” means the process of converting the Principal Amount into Equity in the Company;

“**Conversion Event**” means an event considered by Clauses 5 or 6 has occurred and Conversion will take place;

“**Discount Rate**” means for Investors who invest on or within two (2) months of the Kick off Date, 25% (“**Early Bird Discount Rate**”) or for investors who invest two (2) months after the Kick Off Date, 20% (“**Normal Discount Rate**”);

“**Dissolution Event**” means the Company has taken steps to wind up or cease operations, whether of its own volition or otherwise;

“**Equity**” means shares in the capital of the Company, whether comprising ordinary shares, preference shares or any other form of shares;

“**Event of Default**” means one or more of the situations considered by Clauses 7.1(a) – 7.1(d) has transpired;

“**Exit Event**” means one of the events set out in Clause 6.3;

“**Fully Diluted**” means, the total aggregate number of shares in the capital of the Company which would be on issue if all securities issued by the Company were exercised or converted but excluding: (a) this instrument; (b) any other SAFE financing instrument; (c) any convertible notes; or (d) any other form of convertible security.





“**Kick Off Date**” means the date that an investor first executes a SAFE with the Company on substantially the same terms as this Agreement;

“**Maturity Date**” means the date that is 24 months following the date this Agreement is executed;

“**Qualifying Financing Round**” means a bona fide Equity fundraising event or series of events by the Company for the principal purpose of raising capital which amounts to gross investment in the company of USD \$750,000 or more, excluding funds raised under this Agreement and any similar instrument;

“**Qualifying Investors**” means individuals or companies who acquire shares in the Company during a Qualifying Financing Round;

“**Parties**” means the Investor and the Company;

“**Principal Amount**” means the amount of AUD

“**Subsequent Convertible Instruments**” means convertible securities that the Company may issue after the issuance of this SAFE with the principal purpose of raising capital in the Company. This includes other SAFEs, convertible debt instruments and other convertible securities. This does not include securities issued under an employee share option plan;

“**Termination Date**” means the earlier of:

- (a) the issue of Equity to the Investor; or
- (b) the payment of all amounts due to the Investor,

in accordance with this Agreement; and

“**Valuation Cap**” means for Investors who invest within two (2) months of the Kick Off Date, the amount of USD \$4,000,000 on a pre-money basis (“**Early Bird Valuation Cap**”) or for Investors who invest two (2) months after the Kick Off Date, the amount of USD \$5,000,000 on a pre-money basis (“**Normal Valuation Cap**”).

#### **4 SAFE Terms and Agreement**

- 4.1 Each Investor agrees to advance the Principal Amount to the Company. These funds are to be used broadly for working capital in the business and any other purposes as determined by the Company from time-to-time.
- 4.2 The Company hereby issues to the Investor the right to a portion of the Company’s Equity, subject to the terms of this Agreement.
- 4.3 In the event the Company is to repay the Investor the Principal Amount in accordance with Clauses 6.2(a), 7 or 8, it is to be paid in USD or any other currency that may be mutually agreed upon between the Parties from time to time. The Company will calculate the amount to be repaid based on a commonly accepted exchange rate at the time of repayment.
- 4.4 This Agreement will be operational from the date on which it is fully executed by the Parties.

hello@weareluna.co weareluna.co

4.5 The financing round contemplated by this Agreement will conclude on the date that is four (4) months from the Kick Off Date, unless extended by the Board of the Company.

## **5 Conversion and Qualifying Financing**

5.1 If Qualifying Financing Round takes place before the Termination Date, this will amount to a Conversion Event.

5.2 Conversion will see the Principal Amount converted in whole into Equity, in the form of shares in the Company. These shares will be of the same class and on the same terms as those issued to Qualifying Investors during the Qualifying Financing Round.

5.3 Shares issued under clause 5.2 are to be offered at the conversion price per share equal to the lesser of:

- (a) the Discount Rate applied to the individual share price as valued during the Qualifying Financing Round; or
- (b) the price obtained by dividing the Valuation Cap by the number of shares in the Company's Fully Diluted share capital (calculated immediately prior to the closing of the Qualifying Financing Round).

5.4 Conversion is to take place automatically, without active participation on the part of the Investor. However, the Company will notify the Investor, in writing, that Conversion is taking place. The Company will bear the responsibility of updating the register with ASIC, as well as any other administrative tasks required to legally issue shares to the Investor.

5.5 If Conversion will result in the issuance of a fractional share, the number of shares to be issued will be rounded up to the nearest whole number.

## **6 Exit Event**

6.1 If there is an Exit Event before the Termination Date, this will amount to a Conversion Event.

6.2 The Company is to give the Investor at least 10 Business Days prior written notice of the anticipated closing date of an Exit Event. Within 3 Business Days of receipt of such notice, the Investor may notify the Company of its requirement either to:

- (a) receive a cash payment equal to 1.5x the Principal Amount; or
- (b) automatically convert the Principal Amount (with effect immediately prior to the close date of the sale) into that number of ordinary shares in the Company calculated by adopting a conversion price per share equal to the lesser of:
  - (i) the Discount Rate applied to the individual share price determined by reference to the purchase price payable in connection with such sale; or
  - (ii) the price obtained by dividing the Valuation Cap by the number of shares in the Company's Fully Diluted share capital (calculated immediately prior to the closing of the Exit Event).

6.3 For the purpose of this Clause 6, an Exit Event will have occurred if:

- (a) in a single transaction or a series of related transactions, more than 50% of the voting power rests with a new purchaser or group of new purchasers; or
  - (b) if a third party acquires in a single transaction or a series of related transactions more than 50% of the gross fair market value of the Company's Assets, as calculated immediately prior to such acquisition; or
  - (c) there is an initial public offering of shares in the Company (or shares in the Company's holding company in conjunction with a listing or quotation of shares) on a recognised stock exchange; or
  - (d) there is any other event or series of events that together have the effect of allowing a realisation of substantially all the shares in, or substantially all of the assets of, the Company.
- 6.4 For the purpose of this Clause 6, **gross fair market value** means the total value of the Assets of the Company, or the value of the Assets being disposed of, determined without regard to any liabilities associated with the Assets.
- 6.5 A voluntary corporate restructuring which does not dilute voting power will not amount to an Exit Event. However, if prior to the issue of shares to the Investor in accordance with this agreement the Company reconstructs its share capital, including a consolidation, share split, share dividend, bonus issue or capital reduction, the number of shares to be issued to the Investor must be reconstructed in the same manner so that the Investor is entitled to receive the same proportion of shares of the Company on issue or the paid up capital of the Company as would have been the case but for the reconstruction. The Company must ensure that the Investor is not disadvantaged or advantaged by the operation of this clause 6.5 if the Company makes any reconstruction of its share capital.
- 6.6 If, after taking into account the election made by all investors holding SAFEs to receive a cash payment consistent with clause 6.2(a), the aggregate cash amount payable by the Company is less than the full purchase amount paid by the holders of each SAFE, then the amount to be paid to all investors holding SAFEs who have elected to receive a cash payment, will be pro-rated among those holders in proportion to the amounts they would otherwise be entitled to receive.

## 7 Event of Default

- 7.1 If an Event of Default occurs and is subsisting before the Termination Date, the Investor may issue a notice to the Company requiring action to be taken. Once this notice has been issued, the Company has 10 Business Days in which to remedy the relevant issue. If the issue cannot be remedied within this time frame, the Investor is entitled to repayment of the Principal Amount by the Company. The following amount to an Event of Default:
- (a) **(Breach of/Failure to Perform Obligations):** If the Company materially breaches or fails to perform any of its fundamental duties or obligations under this Agreement.
  - (b) **(Insolvency):** If the Company becomes unable to pay their debts as and when they fall due, they will be deemed insolvent. Furthermore, if the Company is wound up, deregistered or dissolved they will be deemed insolvent. Finally, if a liquidator, receiver, voluntary administrator, trustee for creditor or other similar

person is appointed to manage the Company's business, this will amount to insolvency.

- (c) **(Unenforceability):** If this Agreement is deemed to be void or unenforceable by any court of law, tribunal or government agency.
- (d) **(Misrepresentation):** If the Company's representations under this agreement are found to be false, misleading or materially incorrect.

7.2 The Investor may waive any Event of Default by providing written authorisation to the Company.

## 8 Dissolution Event

8.1 If there is a Dissolution Event before the Termination Date, the Company will pay the Investor the Principal Amount.

8.2 The repayment of the Principal Amount to the Investor will take precedence over the payment of any other debts to creditors, founders or any other stakeholders, except for other holders of SAFEs with identical terms to this Agreement ("**Dissolving Investors**"). This necessitates that repayment of the Principal Amount to the Investor will occur prior to the repayment of any other outstanding debts, unless required by Australian law.

If, at the time of the Dissolution Event, the assets of the Company legally available for distribution to the Dissolving Investors are insufficient to permit the payment of their respective Principal Amounts, then they will be distributed with equal priority and pro rata among the Dissolving Investors in proportion to the Principal Amounts they would be entitled to under Clause 8.2.

## 9 Maturity

9.1 The reaching of the Maturity Date will amount to a Conversion Event.

9.2 Conversion will see the Principal Amount converted in whole into Equity, in the form of ordinary shares in the Company.

9.3 Shares issued under clause 9.2 are to be offered at the conversion price per share equal to the price obtained by dividing the Valuation Cap by the number of shares in the Company's Fully Diluted share capital (calculated immediately prior to the Maturity Date).

9.4 If Conversion will result in the issuance of a fractional share, the number of shares to be issued will be rounded up to the nearest whole number.

## 10 Delivery

Following the execution of this Agreement, the Investor shall deliver to the Company a direct bank deposit of the entirety of the Principal Amount. This should be deposited into the following account:

**Account Name:** [Theatrix Holdings Group]  
**BSB:**  
**Account No:**

hello@weareluna.co weareluna.co



**11 Use of Proceeds**

The Company shall use the proceeds from this Agreement for the operation and development of its business and not for any alternate purpose.

**12 Investor's Rights**

This Agreement does not afford the Investor voting rights or any rights traditionally associated with holding Equity in the Company until Conversion takes place.

**13 Warranties**

13.1 Both Parties warrant that they are duly authorized to execute an Agreement of this nature. As the duly authorised signatories, both Parties warrant that they are capable of taking all necessary steps required to fulfil their obligations under this Agreement.

13.2 The Company warrants that as long as this Agreement remains on foot, it will not substantially alter the scope or nature of its business.

**14 General Provisions**

14.1 This Agreement can only be modified or amended by a subsequent Agreement executed by both Parties.

14.2 The Parties agree to sign all documents and do anything required to give effect to this Agreement.

14.3 This Agreement is governed by, and must be construed according to, the law of the State of Victoria, Australia and the parties submit to the jurisdiction of the courts in that State.

14.4 This Agreement constitutes the entire Agreement between the parties. It supersedes any prior agreement, statement or understanding, whether written or oral.

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## Schedule 1. Investor Group

("Investor 1")

and

[INSERT NAME]  
("Investor 2")

and

[ INSERT NAME]  
("Investor 3")

(Investors 1 to 3 (inclusive) are each an "Investor" and collectively the "Investor Group")

hello@weareluna.co weareluna.co



## Executed as an Agreement

**EXECUTED** by **Theatrix Holdings Group Pty Ltd** ACN: 638 640 507 in accordance with section 127 of the *Corporations Act 2001* (Cth) in the presence of:

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Signature of sole director

\_\_\_\_\_  
Name of witness (print)

\_\_\_\_\_  
Name of sole director (print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**EXECUTED** by

in accordance with section 127 of the *Corporations Act 2001* (Cth):

\_\_\_\_\_  
**Signature of Investor**

\_\_\_\_\_  
**Signature of witness**

\_\_\_\_\_  
Name of Investor (print)

\_\_\_\_\_  
**Name of witness (print)**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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