

## 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | Unith Ltd                                |
| ABN:              | 13 083 160 909                           |
| Reporting period: | For the half-year ended 31 December 2022 |
| Previous period:  | For the half-year ended 31 December 2021 |

## 2. Results for announcement to the market

|   |      |           | \$        |
|---|------|-----------|-----------|
| Revenues from ordinary activities   | down | 20.9% to  | 2,253,275 |
| Profit from ordinary activities after tax attributable to the owners of Unith Ltd | up   | 149.0% to | 137,475   |
| Profit for the half-year attributable to the owners of Unith Ltd                  | up   | 149.0% to | 137,475   |

### Dividends

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

### Comments

The profit for the Group after providing for income tax amounted to \$137,475 (31 December 2021: loss of \$280,550).

Refer to Directors' report for discussion of the results of operation for the half-year.

## 3. Net tangible assets

|   | Reporting<br>period<br>Cents | Previous<br>period<br>Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 0.59                         | 0.77                        |
| Calculated as follows:                    |                              |                             |
|   | Group                        |                             |
|   | 31 Dec 2022                  | 31 Dec 2021                 |
|   | \$                           | \$                          |
| Net assets                                | 5,605,204                    | 5,756,189                   |
| Less: Intangibles                         | (1,199,184)                  | (732,748)                   |
| Net tangible assets                       | 4,406,020                    | 5,023,441                   |
| Total shares issued (no.)                 | 744,762,360                  | 654,264,587                 |

## 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.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

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

Not applicable.

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## 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 Half-Year Report.

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## 11. Attachments

### *Details of attachments (if any):*

The Half-Year Report of Unith Ltd for the half-year ended 31 December 2022 is attached.

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## 12. Signed

Signed  \_\_\_\_\_

Date: 28 February 2023

Sytze Voulon  
Non-Executive Chairman  
Perth

# **Unith Ltd**

**(Formerly known as Crowd Media Holdings Limited)**

**ABN 13 083 160 909**

## **Half-Year Report - 31 December 2022**

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|---|----|
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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Unith Ltd (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 2022.

### Directors

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

Sytze Voulon - Chairman  
Domenic Carosa  
Matthew Blake  
Scott Mison

### Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the sale of information, entertainment and content and utility services for mobile phones and tablets; and development of conversational commerce technology.

### Review of operations

Unith Ltd was organised into three operating segments during the financial half-year: Mobile Content-Subscription (or 'Subscription'), Talking Head and Other Segments.

The Group earned revenue for the half-year ended 31 December 2022 of \$2,253,275 versus \$2,850,203 in the prior half-year ended 31 December 2021 ('pcp' or 'prior half-year'). The Group's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a profit of \$541,368 for the half-year (pcp: profit of \$109,530) and the net profit/(loss) after tax ('NPAT') for the half-year was \$137,475 (pcp: (\$280,550)). The Group's net asset position at 31 December 2022 was \$5,605,204 (30 June 2022: \$4,701,330).

### Comparison of half-year ended 31 December 2022 to 31 December 2021

|  | 31 Dec 2022<br>\$ | 31 Dec 2021<br>\$ | Increase/<br>(decrease)<br>\$ | Percentage<br>change<br>% |
|--|-------------------|-------------------|-------------------------------|---------------------------|
| Revenue  | 2,253,275         | 2,850,203         | (596,928)                     | (21%)                     |
| Net fair value gain/(loss) on investments      | 1,259,013         | 479,648           | 779,365                       | 162%                      |
| Cost of sales                                  | (590,750)         | (527,073)         | (63,677)                      | 12%                       |
| Selling, general and administration expenses   | (2,312,967)       | (2,366,562)       | 53,595                        | (2%)                      |
| Impairment expenses and expected credit losses | (67,203)          | (326,686)         | 259,483                       | (79%)                     |
| EBITDA   | 541,368           | 109,530           | 431,838                       | 394%                      |
| Interest revenue                               | 60,139            | 28,895            | 31,244                        | 108%                      |
| Depreciation and amortisation                  | (420,038)         | (306,015)         | (114,023)                     | 37%                       |
| Finance costs                                  | (43,994)          | (112,960)         | 68,966                        | (61%)                     |
| Income tax (expense) / benefit                 | -                 | -                 | -                             | -                         |
| NPAT   | 137,475           | (280,550)         | 418,025                       | (149%)                    |

Notably, the Group's EBITDA and net loss includes non-cash fair value gain on investments of \$1,259,013, non-cash share-based payment charges of \$102,907 and non-cash impairment expenses of \$67,203. When adjusting only for these effects, consistent with performance measures reported to shareholders during the half-year, the underlying EBITDA for the financial half-year is a loss of (\$525,010), as follows:

|   | 31 Dec 2022<br>\$ | 31 Dec 2021<br>\$ | Increase/<br>(decrease)<br>\$ | Percentage<br>change<br>% |
|---|-------------------|-------------------|-------------------------------|---------------------------|
| NPAT  | 137,475           | (280,550)         | 418,025                       | (149%)                    |
| Add back: income tax expense / (benefit)          | -                 | -                 | -                             | -                         |
| Add back: finance costs                           | 43,994            | 112,960           | (68,966)                      | (61%)                     |
| Deduct: interest revenue                          | (60,139)          | (28,895)          | (31,244)                      | 108%                      |
| Add back: depreciation and amortisation           | 420,038           | 306,015           | 114,023                       | 37%                       |
| EBITDA  | 541,368           | 109,530           | 431,838                       | 394%                      |
| Add back: impairment expenses (non-cash)          | 67,203            | 335,453           | (268,250)                     | (80%)                     |
| Add back: share-based payments expense (non-cash) | 102,907           | 61,983            | 40,924                        | 66%                       |
| Add back: restructuring and financing costs       | -                 | 13,552            | (13,552)                      | (100%)                    |
| Deduct: fair value gain on investments (non-cash) | (1,259,013)       | (479,648)         | (779,365)                     | 162%                      |
| Effects of exchange rate changes                  | 22,525            | (4,771)           | 27,296                        | (572%)                    |
| Underlying EBITDA                                 | <u>(525,010)</u>  | <u>36,099</u>     | <u>(561,109)</u>              | (1554%)                   |

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items.

### Revenue

For the half-year, revenue from the Group's operations totalled \$2,253,275 (pcp: \$2,850,203). Revenue was represented by Subscription of \$1,969,810 (pcp: \$2,586,599) and Talking Head of \$283,465 (pcp: not applicable, division commenced in the current half-year).

The Subscription business continues to be profitable. Management will continue to expand the product offering, adding new and better-quality third-party content and diversifying revenue in order to lift revenue and profitability. New marketing channels are constantly being explored, particularly social media channels, for the distribution of new products based on the in-house AI-powered Talking Head technology.

The Talking Head division is focused on development and commercialisation of the software, which continues according to plan. There is a clear development roadmap for the next software versions that will include integration of ChatGPT-driven conversational AI features, empathy and emotion generation, increasing the human-likeness of the product, as well as other key features and improvements.

### Expenses

#### (i) Cost of sales

For the half-year, the Group's cost of sales was \$590,750 (pcp: \$527,073). Cost of sales as a percentage of revenue is expected to decrease for the remainder of the financial year.

#### (ii) Selling, general and administration expense

The Group's selling, general and administration expenses (including Marketing) of \$2,312,967 for the half-year decreased by 2% compared to the prior period. The decrease is mainly due to a decrease in marketing expenses (33% versus the prior period) and employee benefits expenses (11% versus the prior period).

#### (iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the half-year was \$420,038 (pcp: \$306,015). The increase from prior period is mainly due to amortisation on software intangible assets.

*(iv) Finance costs*

The consolidated finance costs for the half-year of \$43,994 decreased by 61% from \$112,960 for the prior half-year. The Company fully repaid the European Investments Consortium convertible notes payable during the prior half-year, reducing finance costs in the current half-year. Finance costs are expected to decrease in the second half-year as the Company terminated the revolving credit facility with Vane Finance Technology Limited (formerly BillFront) effective 31 December 2022.

*(v) Income tax expense/(benefit)*

The consolidated income tax expense for the half-year was \$nil (pcp: \$nil). The Company wrote-off all deferred tax assets and liabilities in prior years.

**Cash flow**

The Group's net cash used by operating activities for the half-year was \$307,121, a reduction of \$312,638, or 5,667%, compared to the prior period cash provided by operating activities of \$5,517.

The net cash used by investing activities for the half-year was (\$502,748), mainly used for development of IP.

Net cash flow from financing activities was \$520,785. The Group received \$600,000 from the issue of shares during the half-year.

**Liquidity and Financial Position**

At the Group's 31 December 2022 reporting date:

- Cash and cash equivalents ('cash') were \$1,910,468 (30 June 2022: \$2,228,456).
- Working capital (defined as current assets less current liabilities) was \$1,465,074 (30 June 2022: \$2,082,818).
- Net assets were \$5,605,204 (30 June 2022: \$4,701,330).

The financial statements have been prepared on a going concern basis.

**Significant changes in the state of affairs**

On 2 September 2022, the Company issued 20,000,000 fully paid ordinary shares and 20,000,000 unlisted options exercisable at \$0.06 expiring 25 July 2024 to directors and related party as approved by shareholders. The Company also issued 3,439,998 fully paid ordinary shares to employees upon vesting of performance rights. A further 333,332 fully paid ordinary shares were issued in lieu of consulting fees for advisory services.

On 17 October 2022, the Company issued 9,250,000 performance rights which vest over 3 years (year 1: 20% vest (1,850,000), year 2: 30% vest (2,775,000) and year 3: 50% vest (4,625,000)). The performance rights were issued under the Employee Performance Rights Share Plan approved by shareholders at the 2021 Annual General Meeting.

On 18 October 2022, the Company announced that it will issue 1,000,000 performance rights, 1,500,000 options exercisable at \$0.05 and expiring on or before 6 June 2025, and 750,000 options exercisable at \$0.06 and expiring on or before 25 July 2024 in lieu of consulting fees for advisory services.

Following shareholder approval at the latest Annual General Meeting, the Company changed its name from Crowd Media Holdings Limited to Unith Ltd on 30 November 2022. The Company's ASX ticker code subsequently changed on 7 December 2022 from CM8 to UNT as a result of the change of name.

On 22 December 2022, the Company issued 900,000 fully paid ordinary shares upon the exercise of unlisted options exercisable at \$0.03 and expiring on 13 December 2022. The Company also issued 249,999 fully paid ordinary shares in lieu of consulting fees for advisory services.

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 24 January 2023, the Company announced that it signed a Heads of Agreement with NVISO Japan KK. to develop digital avatars. Upon commercialisation of the interactive digital humans in Japan, Unith and NVISO will proceed under a profit share agreement whereby both parties will be allocated 50% of profits generated (deducting technology, creation and marketing costs). The collaboration will be assisted by the European Union Innovation Fund (BonApps program), which will accelerate development work by providing an approximately \$117,000 grant to the project.

On 13 February 2023, the Company announced that it received firm commitments to raise \$4.5 million (gross proceeds, of which all funds had been received as of the date of this report) to fund accelerated development and commercialisation of conversational AI products, including ChatGPT integrations. The placement comprises an offer of 136,363,636 new fully paid ordinary shares in the Company at an issue price of \$0.033 per share, with attaching listed options (ASX:UNTO) on a 1:1 basis exercisable at \$0.06 per option expiring 25 July 2024. The offer price was at par to the Company's 30-day volume weighted average price at close of trading on 8 February 2023. The Company intends to offer the opportunity to all Eligible Shareholders to subscribe for up to \$30,000 of fully paid ordinary shares in a non-underwritten Share Purchase Plan at the same price as the placement to raise up to \$500,000.

On 20 February 2023, the Company announced that it issued 136,363,636 fully paid ordinary shares (UNT) and 45,454,554 listed options (UNTO) as part of the placement announced on 13 February 2023.

No other matter or circumstance has arisen since 31 December 2022 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 periods.

#### **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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Sytze Voulon  
Non-Executive Chairman

28 February 2023  
Perth



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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Unith Ltd (formerly Crowd Media Holdings Limited) for the half year ended 31 December 2022, 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.

A handwritten signature in black ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in black ink that appears to read "R J Morillo Maldonado".**R J MORILLO MALDONADO**

Partner

Dated: 28 February 2023

Melbourne, Victoria

**Unith Ltd**  
**(Formerly known as Crowd Media Holdings Limited)**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

**ÜNITH**

|   |             | <b>Group</b>          |                         |
|---|-------------|-----------------------|-------------------------|
|   | <b>Note</b> | <b>31 Dec 2022</b>    | <b>31 Dec 2021</b>      |
|   |             | <b>\$</b>             | <b>\$</b>               |
| <b>Revenue</b>  |             |                       |                         |
| Revenue   | 4           | 2,253,275             | 2,850,203               |
| Cost of sales   |             | <u>(590,750)</u>      | <u>(527,073)</u>        |
| Gross profit  |             | <u>1,662,525</u>      | <u>2,323,130</u>        |
| Interest revenue calculated using the effective interest method   |             | 60,139                | 28,895                  |
| Net fair value gain on investments  | 6           | 1,259,013             | 479,648                 |
| <b>Expenses</b>   |             |                       |                         |
| Marketing   |             | (362,574)             | (538,174)               |
| Administration and other expenses   |             | (345,774)             | (314,025)               |
| Consultants   |             | (402,924)             | (254,390)               |
| Depreciation and amortisation expense   |             | (420,038)             | (306,015)               |
| Employee benefits expense   |             | (1,048,515)           | (1,172,363)             |
| Impairment of assets  |             | (9,193)               | (335,453)               |
| Travel and accommodation  |             | (50,273)              | (22,484)                |
| Product development   |             | -                     | (3,143)                 |
| Share-based payments  |             | (102,907)             | (61,983)                |
| Recovery of/(allowance for) expected credit losses  |             | (58,010)              | 8,767                   |
| Finance costs   |             | <u>(43,994)</u>       | <u>(112,960)</u>        |
| <b>Profit/(loss) before income tax expense</b>  |             | 137,475               | (280,550)               |
| Income tax expense  |             | <u>-</u>              | <u>-</u>                |
| <b>Profit/(loss) after income tax expense for the half-year attributable to the owners of Unith Ltd</b> |             | 137,475               | (280,550)               |
| <b>Other comprehensive income</b>   |             |                       |                         |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                    |             |                       |                         |
| Foreign currency translation  |             | <u>23,379</u>         | <u>(24,519)</u>         |
| Other comprehensive income for the half-year, net of tax  |             | <u>23,379</u>         | <u>(24,519)</u>         |
| <b>Total comprehensive income for the half-year attributable to the owners of Unith Ltd</b>             |             | <u><u>160,854</u></u> | <u><u>(305,069)</u></u> |
|   |             | <b>Cents</b>          | <b>Cents</b>            |
| Basic earnings per share  | 14          | 0.02                  | (0.04)                  |
| Diluted earnings per share  | 14          | 0.02                  | (0.04)                  |

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

Unith Ltd  
(Formerly known as Crowd Media Holdings Limited)  
Consolidated statement of financial position  
As at 31 December 2022

ÜNITH

|                                |      | Group            |                  |
|--------------------------------|------|------------------|------------------|
|                                | Note | 31 Dec 2022      | 30 Jun 2022      |
|                                |      | \$               | \$               |
| <b>Assets</b>                  |      |                  |                  |
| <b>Current assets</b>          |      |                  |                  |
| Cash and cash equivalents      |      | 1,910,468        | 2,228,456        |
| Trade and other receivables    | 5    | 406,302          | 587,933          |
| Accrued income                 |      | 503,561          | 696,848          |
| Other assets                   |      | 157,756          | 290,913          |
| Total current assets           |      | <u>2,978,087</u> | <u>3,804,150</u> |
| <b>Non-current assets</b>      |      |                  |                  |
| Other financial assets         | 6    | 2,403,252        | 1,133,026        |
| Property, plant and equipment  | 7    | 26,897           | 59,051           |
| Right-of-use assets            | 8    | 1,059,094        | 1,160,204        |
| Intangibles                    | 9    | 1,199,184        | 952,360          |
| Convertible notes receivable   | 10   | 254,491          | 243,777          |
| Total non-current assets       |      | <u>4,942,918</u> | <u>3,548,418</u> |
| <b>Total assets</b>            |      | <u>7,921,005</u> | <u>7,352,568</u> |
| <b>Liabilities</b>             |      |                  |                  |
| <b>Current liabilities</b>     |      |                  |                  |
| Trade and other payables       |      | 1,156,164        | 1,412,530        |
| Lease liabilities              |      | 318,522          | 296,315          |
| Employee benefits              |      | 22,696           | 12,487           |
| Other liabilities              | 11   | 15,631           | -                |
| Total current liabilities      |      | <u>1,513,013</u> | <u>1,721,332</u> |
| <b>Non-current liabilities</b> |      |                  |                  |
| Lease liabilities              |      | 802,788          | 929,906          |
| Total non-current liabilities  |      | <u>802,788</u>   | <u>929,906</u>   |
| <b>Total liabilities</b>       |      | <u>2,315,801</u> | <u>2,651,238</u> |
| <b>Net assets</b>              |      | <u>5,605,204</u> | <u>4,701,330</u> |
| <b>Equity</b>                  |      |                  |                  |
| Issued capital                 | 12   | 43,404,782       | 42,685,549       |
| Reserves                       |      | 5,974,906        | 5,927,740        |
| Accumulated losses             |      | (43,774,484)     | (43,911,959)     |
| <b>Total equity</b>            |      | <u>5,605,204</u> | <u>4,701,330</u> |

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

Unith Ltd  
(Formerly known as Crowd Media Holdings Limited)  
Consolidated statement of changes in equity  
For the half-year ended 31 December 2022

ÜNITH

| Group   | Issued capital<br>\$ | Foreign currency reserve<br>\$ | Share-based-payments reserve<br>\$ | Convertible note optionality reserve<br>\$ | Accumulated losses<br>\$ | Total equity<br>\$ |
|---|----------------------|--------------------------------|------------------------------------|--|--------------------------|--------------------|
| Balance at 1 July 2021  | 40,052,021           | 422,889                        | 5,515,084                          | 248,674                                    | (40,987,220)             | 5,251,448          |
| Loss after income tax expense for the half-year                             | -                    | -                              | -                                  | -  | (280,550)                | (280,550)          |
| Other comprehensive income for the half-year, net of tax                    | -                    | (24,519)                       | -                                  | -  | -                        | (24,519)           |
| Total comprehensive income for the half-year                                | -                    | (24,519)                       | -                                  | -  | (280,550)                | (305,069)          |
| <i>Transactions with owners in their capacity as owners:</i>                |                      |                                |                                    |  |                          |                    |
| Contributions of equity, net of transaction costs                           | 749,508              | -                              | -                                  | -  | -                        | 749,508            |
| Share-based payments  | -                    | -                              | 61,982                             | -  | -                        | 61,982             |
| Cancellation of share capital of subsidiaries on deregistration of entities | -                    | -                              | -                                  | -  | (1,680)                  | (1,680)            |
| Issue of shares on vesting of performance rights                            | 53,201               | -                              | (53,201)                           | -  | -                        | -                  |
| Transfer from convertible note optionality reserve                          | -                    | -                              | -                                  | (248,674)                                  | 248,674                  | -                  |
| Balance at 31 December 2021   | <u>40,854,730</u>    | <u>398,370</u>                 | <u>5,523,865</u>                   | <u>-</u>                                   | <u>(41,020,776)</u>      | <u>5,756,189</u>   |
| Group   | Issued capital<br>\$ | Foreign currency reserve<br>\$ | Share-based-payments reserve<br>\$ | Convertible note optionality reserve<br>\$ | Accumulated losses<br>\$ | Total equity<br>\$ |
| Balance at 1 July 2022  | 42,685,549           | 374,232                        | 5,553,508                          | -  | (43,911,959)             | 4,701,330          |
| Profit after income tax expense for the half-year                           | -                    | -                              | -                                  | -  | 137,475                  | 137,475            |
| Other comprehensive income for the half-year, net of tax                    | -                    | 23,379                         | -                                  | -  | -                        | 23,379             |
| Total comprehensive income for the half-year                                | -                    | 23,379                         | -                                  | -  | 137,475                  | 160,854            |
| <i>Transactions with owners in their capacity as owners:</i>                |                      |                                |                                    |  |                          |                    |
| Contributions of equity, net of transaction costs                           | 640,113              | -                              | -                                  | -  | -                        | 640,113            |
| Share-based payments  | -                    | -                              | 102,907                            | -  | -                        | 102,907            |
| Issue of shares on vesting of performance rights                            | 79,120               | -                              | (79,120)                           | -  | -                        | -                  |
| Balance at 31 December 2022   | <u>43,404,782</u>    | <u>397,611</u>                 | <u>5,577,295</u>                   | <u>-</u>                                   | <u>(43,774,484)</u>      | <u>5,605,204</u>   |

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

**Unith Ltd**  
**(Formerly known as Crowd Media Holdings Limited)**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

**ÜNITH**

|   |             | <b>Group</b>       |                    |
|---|-------------|--------------------|--------------------|
|   | <b>Note</b> | <b>31 Dec 2022</b> | <b>31 Dec 2021</b> |
|   |             | <b>\$</b>          | <b>\$</b>          |
| <b>Cash flows from operating activities</b>                           |             |                    |                    |
| Receipts from customers (inclusive of GST or equivalent)              |             | 2,585,814          | 3,222,728          |
| Payments to suppliers and employees (inclusive of GST or equivalent)  |             | (2,909,080)        | (3,137,841)        |
| Interest received   |             | 60,139             | 28,895             |
| Interest and other finance costs paid                                 |             | (43,994)           | (108,265)          |
|   |             | <u>(307,121)</u>   | <u>5,517</u>       |
| Net cash provided by/(used in) operating activities                   |             |                    |                    |
| <b>Cash flows from investing activities</b>                           |             |                    |                    |
| Payments for investments  |             | -                  | (916,351)          |
| Payments for intangibles  |             | (502,748)          | (347,995)          |
| Loans given to third parties  |             | -                  | (347,422)          |
|   |             | <u>(502,748)</u>   | <u>(1,611,768)</u> |
| Net cash used in investing activities                                 |             |                    |                    |
| <b>Cash flows from financing activities</b>                           |             |                    |                    |
| Proceeds from issue of shares (net of transaction costs)              | 12          | 600,000            | 332,101            |
| Proceeds from exercise of options                                     | 12          | 27,000             | -                  |
| Proceeds received for shares to be issued                             |             | -                  | 280,000            |
| Share issue transaction costs   | 12          | (1,304)            | (7,224)            |
| Repayment of convertible notes - European Investment Consortium       |             | -                  | (233,333)          |
| Repayment of lease liabilities  |             | (104,911)          | (160,126)          |
|   |             | <u>520,785</u>     | <u>211,418</u>     |
| Net cash provided by financing activities                             |             |                    |                    |
| Net decrease in cash and cash equivalents                             |             | (289,084)          | (1,394,833)        |
| Cash and cash equivalents at the beginning of the financial half-year |             | 2,228,456          | 3,142,991          |
| Effects of exchange rate changes on cash and cash equivalents         |             | (28,904)           | (51,162)           |
|   |             | <u>1,910,468</u>   | <u>1,696,996</u>   |
| Cash and cash equivalents at the end of the financial half-year       |             |                    |                    |

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

## **Note 1. General information**

The financial statements cover Unith Ltd as a consolidated entity consisting of Unith Ltd (referred to as 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Unith Ltd's functional and presentation currency.

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

| <b>Registered office</b>                            | <b>Principal place of business</b>                    |
|---|---|
| 202/37 Barrack Street<br>Perth WA 6000<br>Australia | 95B Piet Heinkade<br>1019 GM Amsterdam<br>Netherlands |

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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023. 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 2022 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 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of 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, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

### **Going concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group had net cash outflows from operating activities of \$307,121 for the period ended 31 December 2022. The Directors, after reviewing the Group's cash forecast for the next 12-month period from the date of signing the financial statements, have concluded that it is reasonable believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors' conclusion considered that subsequent to the half year (refer to note 16), the Group has successfully received \$4.5 million through a share placement of 136,363,636 fully paid ordinary shares at an issue price of \$0.033 per share.

### Note 3. Operating segments

#### *Identification of reportable operating segments*

The Group has three operating segments during the financial half-year: Mobile Content - Subscription (or 'Subscription'), Talking Head and Other Segments. 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. The Talking Head business unit is presented separately as of this reporting period, as the CODM have identified its business and resource usage or cashflows separately from Subscription. The activities in the prior Crowd Direct unit, which are not material to the Group in the current financial half-year, are no longer a focus of the CODM, but have been included here for comparative purposes. There is no aggregation of operating segments.

For operating segment performance, the CODM reviews earnings before interest, tax, depreciation and amortisation, adjusted for non-cash items ('Underlying EBITDA'). 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 at least a monthly basis.

#### *Types of products and services*

The principal products and services of each of these operating segments are as follows:

|                               |   |
|-------------------------------|---|
| Mobile Content - Subscription | Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via a mobile payments network and the underlying AI-driven technology platform.  |
| Talking Head                  | The Talking Head B2B SaaS division creates and licenses engaging, user-centric conversations in real time with AI-powdered digital humans.  |
| Crowd Direct                  | Crowd Direct (direct-to-consumer) works with brands and digital influencers to sell products and/or services that it owns, or part-owns, or is strategically aligned with. This division is no longer material and is no longer a focus of the CODM, but has been reported here for comparative purposes. |
| Other Segments                | Information about Group Corporate and other business activities that are not related to the Subscription and Talking Head operating segments are reported in Other Segments.  |

#### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

**Note 3. Operating segments (continued)**

*Operating segment information*

|  | <i>Subscription</i><br>\$ | <i>Talking</i><br><i>Head</i><br>\$ | <i>Crowd</i><br><i>Direct</i><br>\$ | <i>Other</i><br><i>Segments</i><br>\$ | <i>Total</i><br>\$ |
|--|---------------------------|-------------------------------------|-------------------------------------|---------------------------------------|--------------------|
| <b>Group - 31 Dec 2022</b>                     |                           |                                     |                                     |                                       |                    |
| <b>Revenue</b>                                 |                           |                                     |                                     |                                       |                    |
| Sales to external customers                    | 1,969,810                 | 283,465                             | -                                   | -                                     | 2,253,275          |
| Interest income                                | -                         | -                                   | -                                   | 60,139                                | 60,139             |
| <b>Total revenue</b>                           | <u>1,969,810</u>          | <u>283,465</u>                      | <u>-</u>                            | <u>60,139</u>                         | <u>2,313,414</u>   |
| <b>EBITDA</b>                                  | 458,698                   | (115,823)                           | -                                   | 198,493                               | 541,368            |
| Depreciation and amortisation                  | (229,357)                 | (161,981)                           | -                                   | (28,700)                              | (420,038)          |
| Interest income                                | -                         | -                                   | -                                   | 60,139                                | 60,139             |
| Finance costs                                  | (22,850)                  | -                                   | -                                   | (21,144)                              | (43,994)           |
| <b>Profit/(loss) before income tax expense</b> | <u>206,491</u>            | <u>(277,804)</u>                    | <u>-</u>                            | <u>208,788</u>                        | <u>137,475</u>     |
| Income tax expense                             |                           |                                     |                                     |                                       | -                  |
| <b>Profit after income tax expense</b>         |                           |                                     |                                     |                                       | <u>137,475</u>     |
| <b>Assets</b>                                  |                           |                                     |                                     |                                       |                    |
| Segment assets                                 | 2,454,436                 | 904,915                             | -                                   | 4,561,654                             | 7,921,005          |
| <b>Total assets</b>                            |                           |                                     |                                     |                                       | <u>7,921,005</u>   |
| <b>Liabilities</b>                             |                           |                                     |                                     |                                       |                    |
| Segment liabilities                            | 2,142,476                 | 14,790                              | -                                   | 158,535                               | 2,315,801          |
| <b>Total liabilities</b>                       |                           |                                     |                                     |                                       | <u>2,315,801</u>   |
| <b>Group - 31 Dec 2021</b>                     |                           |                                     |                                     |                                       |                    |
| <b>Revenue</b>                                 |                           |                                     |                                     |                                       |                    |
| Sales to external customers                    | 2,586,599                 | -                                   | 263,604                             | -                                     | 2,850,203          |
| Interest income                                | -                         | -                                   | 10,368                              | 18,527                                | 28,895             |
| <b>Total revenue</b>                           | <u>2,586,599</u>          | <u>-</u>                            | <u>273,972</u>                      | <u>18,527</u>                         | <u>2,879,098</u>   |
| <b>EBITDA</b>                                  | 821,838                   | -                                   | (393,429)                           | (318,879)                             | 109,530            |
| Depreciation and amortisation                  | (241,787)                 | -                                   | (45,163)                            | (19,065)                              | (306,015)          |
| Interest income                                | -                         | -                                   | 10,368                              | 18,527                                | 28,895             |
| Finance costs                                  | (32,481)                  | -                                   | -                                   | (80,479)                              | (112,960)          |
| <b>Profit/(loss) before income tax expense</b> | <u>547,570</u>            | <u>-</u>                            | <u>(428,224)</u>                    | <u>(399,896)</u>                      | <u>(280,550)</u>   |
| Income tax expense                             |                           |                                     |                                     |                                       | -                  |
| <b>Loss after income tax expense</b>           |                           |                                     |                                     |                                       | <u>(280,550)</u>   |
| <b>Group - 30 Jun 2022</b>                     |                           |                                     |                                     |                                       |                    |
| <b>Assets</b>                                  |                           |                                     |                                     |                                       |                    |
| Segment assets                                 | 3,172,079                 | -                                   | 1,075,052                           | 3,105,437                             | 7,352,568          |
| <b>Total assets</b>                            |                           |                                     |                                     |                                       | <u>7,352,568</u>   |
| <b>Liabilities</b>                             |                           |                                     |                                     |                                       |                    |
| Segment liabilities                            | 2,428,844                 | -                                   | 26,409                              | 195,985                               | 2,651,238          |
| <b>Total liabilities</b>                       |                           |                                     |                                     |                                       | <u>2,651,238</u>   |



**Note 3. Operating segments (continued)**

*Geographical information*

|               | Sales to external customers |                  | Geographical non-current assets |                  |
|---------------|-----------------------------|------------------|---------------------------------|------------------|
|               | 31 Dec 2022                 | 31 Dec 2021      | 31 Dec 2022                     | 30 Jun 2022      |
|               | \$                          | \$               | \$                              | \$               |
| Australasia   | 29,100                      | 4,968            | 1,267,340                       | 997,193          |
| Europe        | 2,053,145                   | 2,693,383        | 2,416,565                       | 2,551,225        |
| Latin America | 112,814                     | 113,025          | -                               | -                |
| Other         | 58,216                      | 38,827           | -                               | -                |
|               | <u>2,253,275</u>            | <u>2,850,203</u> | <u>3,683,905</u>                | <u>3,548,418</u> |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

**Note 4. Revenue**

*Disaggregation of revenue*

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

|                                      | Subscription     | Talking Head   | Crowd Direct | Total            |
|--------------------------------------|------------------|----------------|--------------|------------------|
|                                      | \$               | \$             | \$           | \$               |
| <b>Group - 31 Dec 2022</b>           |                  |                |              |                  |
| <i>Major product lines</i>           |                  |                |              |                  |
| Entertainment and content            | 1,969,810        | -              | -            | 1,969,810        |
| Software licensing                   | -                | 283,465        | -            | 283,465          |
|                                      | <u>1,969,810</u> | <u>283,465</u> | <u>-</u>     | <u>2,253,275</u> |
| <i>Geographical regions</i>          |                  |                |              |                  |
| Australasia                          | 29,100           | -              | -            | 29,100           |
| Europe                               | 1,763,975        | 289,170        | -            | 2,053,145        |
| Latin America                        | 112,814          | -              | -            | 112,814          |
| Other                                | 58,216           | -              | -            | 58,216           |
|                                      | <u>1,964,105</u> | <u>289,170</u> | <u>-</u>     | <u>2,253,275</u> |
| <i>Timing of revenue recognition</i> |                  |                |              |                  |
| Goods transferred at a point in time | <u>1,969,810</u> | <u>283,465</u> | <u>-</u>     | <u>2,253,275</u> |

**Note 4. Revenue (continued)**

|                                      | <i>Subscription</i><br>\$ | <i>Talking Head</i><br>\$ | <i>Crowd Direct</i><br>\$ | <i>Total</i><br>\$ |
|--------------------------------------|---------------------------|---------------------------|---------------------------|--------------------|
| <b>Group - 31 Dec 2021</b>           |                           |                           |                           |                    |
| <i>Major product lines</i>           |                           |                           |                           |                    |
| Entertainment and content            | 2,586,599                 | -                         | -                         | 2,586,599          |
| Direct-to-consumer                   | -                         | -                         | 263,604                   | 263,604            |
|                                      | <u>2,586,599</u>          | <u>-</u>                  | <u>263,604</u>            | <u>2,850,203</u>   |
| <i>Geographical regions</i>          |                           |                           |                           |                    |
| Australasia                          | 4,968                     | -                         | -                         | 4,968              |
| Europe                               | 2,429,779                 | -                         | 263,604                   | 2,693,383          |
| Latin America                        | 113,025                   | -                         | -                         | 113,025            |
| Other                                | 38,827                    | -                         | -                         | 38,827             |
|                                      | <u>2,586,599</u>          | <u>-</u>                  | <u>263,604</u>            | <u>2,850,203</u>   |
| <i>Timing of revenue recognition</i> |                           |                           |                           |                    |
| Goods transferred at a point in time | <u>2,586,599</u>          | <u>-</u>                  | <u>263,604</u>            | <u>2,850,203</u>   |

**Note 5. Trade and other receivables**

|  | <b>Group</b>       |                    |
|--|--------------------|--------------------|
|  | <b>31 Dec 2022</b> | <b>30 Jun 2022</b> |
|  | \$                 | \$                 |
| <i>Current assets</i>                      |                    |                    |
| Trade receivables                          | 738,109            | 875,949            |
| Less: Allowance for expected credit losses | (331,807)          | (288,016)          |
|  | <u>406,302</u>     | <u>587,933</u>     |

*Allowance for expected credit losses*

The Group has recognised a loss of \$58,010, in profit or loss, in respect of the expected credit losses for the half-year ended 31 December 2022 (31 December 2021: gain of \$8,767).

**Note 6. Other financial assets**

|                                    | <b>Group</b>       |                    |
|------------------------------------|--------------------|--------------------|
|                                    | <b>31 Dec 2022</b> | <b>30 Jun 2022</b> |
|                                    | <b>\$</b>          | <b>\$</b>          |
| <i>Non-current assets</i>          |                    |                    |
| Investment in Aflorithmic Labs Ltd | 1,831,197          | 567,362            |
| Investment in Forever Holdings Ltd | 88,811             | 88,063             |
| Investment in UneeQ Ltd            | 483,244            | 477,601            |
|                                    | <u>2,403,252</u>   | <u>1,133,026</u>   |

*Reconciliation*

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Opening carrying amount | 1,133,026        | 983,490          |
| Additions               | -                | 1,329,464        |
| Revaluations            | 1,259,013        | (1,147,878)      |
| Exchange differences    | 11,213           | (32,050)         |
|                         | <u>2,403,252</u> | <u>1,133,026</u> |

**Note 7. Property, plant and equipment**

|                                | <b>Group</b>       |                    |
|--------------------------------|--------------------|--------------------|
|                                | <b>31 Dec 2022</b> | <b>30 Jun 2022</b> |
|                                | <b>\$</b>          | <b>\$</b>          |
| <i>Non-current assets</i>      |                    |                    |
| Plant and equipment - at cost  | 907,467            | 874,594            |
| Less: Accumulated depreciation | (880,570)          | (815,543)          |
|                                | <u>26,897</u>      | <u>59,051</u>      |

*Reconciliations*

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

| <b>Group</b>                | <i>Plant and<br/>equipment</i><br><b>\$</b> |
|-----------------------------|---|
| Balance at 1 July 2022      | 59,051                                      |
| Exchange differences        | 2,220                                       |
| Depreciation expense        | (34,374)                                    |
| Balance at 31 December 2022 | <u>26,897</u>                               |

**Note 8. Right-of-use assets**

|                                | <b>Group</b>            |                         |
|--------------------------------|-------------------------|-------------------------|
|                                | <b>31 Dec 2022</b>      | <b>30 Jun 2022</b>      |
|                                | <b>\$</b>               | <b>\$</b>               |
| <i>Non-current assets</i>      |                         |                         |
| Buildings - right-of-use       | 2,072,127               | 1,997,062               |
| Less: Accumulated depreciation | <u>(1,013,033)</u>      | <u>(836,858)</u>        |
|                                | <u><b>1,059,094</b></u> | <u><b>1,160,204</b></u> |

*Reconciliations*

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

| <b>Group</b>                | <i>Buildings -<br/>right-of-use</i> |
|-----------------------------|-------------------------------------|
|                             | <b>\$</b>                           |
| Balance at 1 July 2022      | 1,160,204                           |
| Exchange differences        | 27,988                              |
| Depreciation expense        | <u>(129,098)</u>                    |
| Balance at 31 December 2022 | <u><b>1,059,094</b></u>             |

**Note 9. Intangibles**

|   | <b>Group</b>            |                       |
|---|-------------------------|-----------------------|
|   | <b>31 Dec 2022</b>      | <b>30 Jun 2022</b>    |
|   | <b>\$</b>               | <b>\$</b>             |
| <i>Non-current assets</i>               |                         |                       |
| Intellectual property - at cost         | 130,615                 | 128,473               |
| Less: Impairment                        | <u>(17,168)</u>         | <u>(17,168)</u>       |
|   | <u><b>113,447</b></u>   | <u><b>111,305</b></u> |
| Software - at cost                      | 1,724,602               | 1,205,963             |
| Less: Accumulated amortisation          | <u>(648,220)</u>        | <u>(387,364)</u>      |
|   | <u><b>1,076,382</b></u> | <u><b>818,599</b></u> |
| Website and other intangibles - at cost | 60,702                  | 67,621                |
| Less: Accumulated amortisation          | <u>(34,730)</u>         | <u>(28,548)</u>       |
| Less: Impairment                        | <u>(16,617)</u>         | <u>(16,617)</u>       |
|   | <u><b>9,355</b></u>     | <u><b>22,456</b></u>  |
|   | <u><b>1,199,184</b></u> | <u><b>952,360</b></u> |

## Note 9. Intangibles (continued)

### Reconciliations

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

| Group                       | Intellectual<br>property<br>\$ | Software<br>\$   | Website and<br>other<br>intangibles<br>\$ | Total<br>\$      |
|-----------------------------|--------------------------------|------------------|---|------------------|
| Balance at 1 July 2022      | 111,305                        | 818,599          | 22,456                                    | 952,360          |
| Additions                   | 1,971                          | 500,777          | -   | 502,748          |
| Exchange differences        | 171                            | 7,735            | 1,929                                     | 9,835            |
| Impairment of assets        | -                              | -                | (9,193)                                   | (9,193)          |
| Amortisation expense        | -                              | (250,729)        | (5,837)                                   | (256,566)        |
| Balance at 31 December 2022 | <u>113,447</u>                 | <u>1,076,382</u> | <u>9,355</u>                              | <u>1,199,184</u> |

## Note 10. Convertible notes receivable

|                              | Group<br>31 Dec 2022<br>\$ | 30 Jun 2022<br>\$ |
|------------------------------|----------------------------|-------------------|
| <i>Non-current assets</i>    |                            |                   |
| Convertible notes receivable | <u>254,491</u>             | <u>243,777</u>    |

The non-current convertible note receivable from Forever Holdings Ltd was recorded at the principal face amount of GBP£125,000 (circa AUD\$222,028) plus accrued interest of AUD\$32,463 at 31 December 2022. The note bears interest at 8.00% per annum and matures on 15 March 2024.

## Note 11. Other liabilities

|                            | Group<br>31 Dec 2022<br>\$ | 30 Jun 2022<br>\$ |
|----------------------------|----------------------------|-------------------|
| <i>Current liabilities</i> |                            |                   |
| Deferred revenue           | <u>15,631</u>              | <u>-</u>          |

## Note 12. Issued capital

|                              | Group<br>31 Dec 2022<br>Shares | 30 Jun 2022<br>Shares | Group<br>31 Dec 2022<br>\$ | 30 Jun 2022<br>\$ |
|------------------------------|--------------------------------|-----------------------|----------------------------|-------------------|
| Ordinary shares - fully paid | <u>744,762,360</u>             | <u>719,839,031</u>    | <u>43,404,782</u>          | <u>42,685,549</u> |

**Note 12. Issued capital (continued)**

*Movements in ordinary share capital*

| Details   | Date             | No of shares       | Issue price | \$                |
|---|------------------|--------------------|-------------|-------------------|
| Balance   | 1 July 2022      | 719,839,031        |             | 42,685,549        |
| Issue of shares   | 2 September 2022 | 20,000,000         | \$0.030     | 600,000           |
| Issue of shares on vesting of performance rights to employees (excluding directors) | 2 September 2022 | 3,439,998          | \$0.023     | 79,120            |
| Issue of shares in lieu of consulting fees  | 2 September 2022 | 333,332            | \$0.023     | 7,667             |
| Issue of shares on exercise of options  | 19 December 2022 | 900,000            | \$0.030     | 27,000            |
| Issue of shares in lieu of consulting fees  | 19 December 2022 | 249,999            | \$0.027     | 6,750             |
| Less: share issue transaction costs   |                  |                    |             | (1,304)           |
| Balance   | 31 December 2022 | <u>744,762,360</u> |             | <u>43,404,782</u> |

**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

|                              | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$    | Total<br>\$      |
|------------------------------|---------------|---------------|------------------|------------------|
| <b>Group - 31 Dec 2022</b>   |               |               |                  |                  |
| <b>Assets</b>                |               |               |                  |                  |
| Other financial assets       | -             | -             | 2,403,252        | 2,403,252        |
| Convertible notes receivable | -             | -             | 254,491          | 254,491          |
| Total assets                 | -             | -             | <u>2,657,743</u> | <u>2,657,743</u> |
|                              | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$    | Total<br>\$      |
| <b>Group - 30 Jun 2022</b>   |               |               |                  |                  |
| <b>Assets</b>                |               |               |                  |                  |
| Other financial assets       | -             | -             | 1,133,026        | 1,133,026        |
| Convertible notes receivable | -             | -             | 243,777          | 243,777          |
| Total assets                 | -             | -             | <u>1,376,803</u> | <u>1,376,803</u> |

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The discount rate used is 23%.

**Note 13. Fair value measurement (continued)**

*Level 3 assets and liabilities*

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

|                             | <i>Other financial assets</i> |                             |                  | <i>Convertible notes receivable</i> |                  |
|-----------------------------|-------------------------------|-----------------------------|------------------|-------------------------------------|------------------|
|                             | <i>Aflorithmic Labs Ltd</i>   | <i>Forever Holdings Ltd</i> | <i>UneeQ Ltd</i> | <i>Forever Holdings Ltd</i>         | <i>Total</i>     |
|                             | \$                            | \$                          | \$               | \$                                  | \$               |
| <b>Consolidated</b>         |                               |                             |                  |                                     |                  |
| Balance at 1 July 2022      | 567,362                       | 88,063                      | 477,601          | 243,777                             | 1,376,803        |
| Additions                   | -                             | -                           | -                | 8,843                               | 8,843            |
| Changes in fair values      | 1,259,013                     | -                           | -                | -                                   | 1,259,013        |
| Exchange differences        | 4,822                         | 748                         | 5,643            | 1,871                               | 13,084           |
| Balance at 31 December 2022 | <u>1,831,197</u>              | <u>88,811</u>               | <u>483,244</u>   | <u>254,491</u>                      | <u>2,657,743</u> |

**Note 14. Earnings per share**

|   | <b>Group</b>       |                    |
|---|--------------------|--------------------|
|   | <b>31 Dec 2022</b> | <b>31 Dec 2021</b> |
|   | \$                 | \$                 |
| Profit/(loss) after income tax attributable to the owners of Unith Ltd                    | <u>137,475</u>     | <u>(280,550)</u>   |
|   | <b>Number</b>      | <b>Number</b>      |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>735,935,080</u> | <u>625,106,101</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>735,935,080</u> | <u>625,106,101</u> |
|   | <b>Cents</b>       | <b>Cents</b>       |
| Basic earnings per share  | 0.02               | (0.04)             |
| Diluted earnings per share  | 0.02               | (0.04)             |

Options and performance rights have been excluded from the above calculations at 31 December 2022 and 31 December 2021 as their inclusion would be anti-dilutive.

## Note 15. Share-based payments

### Options

Set out below are summaries of options granted:

31 Dec 2022

| Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted   | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|------------|-------------|----------------|---------------------------------------|-----------|-----------|---------------------------|-------------------------------------|
| 13/12/2019 | 13/12/2022  | \$0.030        | 10,000,000                            | -         | (900,000) | (9,100,000)               | -                                   |
| 13/12/2019 | 13/12/2022  | \$0.050        | 5,850,000                             | -         | -         | (5,850,000)               | -                                   |
| 13/12/2019 | 13/12/2022  | \$0.070        | 5,850,000                             | -         | -         | (5,850,000)               | -                                   |
| 30/01/2020 | 31/12/2023  | \$0.030        | 4,752,000                             | -         | -         | -                         | 4,752,000                           |
| 01/10/2020 | 30/09/2023  | \$0.030        | 7,500,000                             | -         | -         | -                         | 7,500,000                           |
| 18/10/2022 | 06/06/2025  | \$0.050        | -                                     | 1,500,000 | -         | -                         | 1,500,000                           |
| 18/10/2022 | 25/07/2024  | \$0.060        | -                                     | 750,000   | -         | -                         | 750,000                             |
|            |             |                | 33,952,000                            | 2,250,000 | (900,000) | (20,800,000)              | 14,502,000                          |

### Performance rights

Set out below are summaries of performance rights granted:

31 Dec 2022

| Grant date | Expiry date | Balance at the start of the half-year | Granted    | Exercised   | Expired/ forfeited/ other | Balance at the end of the half-year |
|------------|-------------|---------------------------------------|------------|-------------|---------------------------|-------------------------------------|
| 18/12/2019 | 30/06/2022  | 3,937,500                             | -          | (3,937,500) | -                         | -                                   |
| 05/11/2020 | 30/06/2022  | 900,000                               | -          | (900,000)   | -                         | -                                   |
| 05/11/2020 | 30/06/2023  | 2,250,000                             | -          | -           | -                         | 2,250,000                           |
| 20/09/2021 | 30/06/2022  | 600,000                               | -          | (600,000)   | -                         | -                                   |
| 20/09/2021 | 30/06/2023  | 900,000                               | -          | -           | -                         | 900,000                             |
| 20/09/2021 | 30/06/2024  | 1,500,000                             | -          | -           | -                         | 1,500,000                           |
| 17/10/2022 | 30/06/2023  | -                                     | 1,850,000  | -           | -                         | 1,850,000                           |
| 17/10/2022 | 30/06/2024  | -                                     | 2,775,000  | -           | -                         | 2,775,000                           |
| 17/10/2022 | 30/06/2025  | -                                     | 4,625,000  | -           | -                         | 4,625,000                           |
| 18/10/2022 | 30/08/2023  | -                                     | 1,000,000  | -           | -                         | 1,000,000                           |
|            |             | 10,087,500                            | 10,250,000 | (5,437,500) | -                         | 14,900,000                          |

### Valuation model inputs

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 18/10/2022 | 06/06/2025  | \$0.021                   | \$0.050        | 100.00%             | -              | 3.30%                   | \$0.0069                 |
| 18/10/2022 | 25/07/2024  | \$0.021                   | \$0.060        | 100.00%             | -              | 3.30%                   | \$0.0061                 |

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|---------------------|----------------|-------------------------|--------------------------|
| 17/10/2022 | 30/06/2023  | \$0.002                   | -                   | -              | -                       | \$0.0024                 |
| 17/10/2022 | 30/06/2024  | \$0.002                   | -                   | -              | -                       | \$0.0024                 |
| 17/10/2022 | 30/06/2025  | \$0.002                   | -                   | -              | -                       | \$0.0024                 |
| 18/10/2022 | 30/08/2023  | \$0.002                   | -                   | -              | -                       | \$0.0023                 |



**Note 15. Share-based payments (continued)**

The total valuation for the performance rights is \$245,000. The expense for the half-year was \$65,017.

**Note 16. Events after the reporting period**

On 24 January 2023, the Company announced that it signed a Heads of Agreement with NVISO Japan KK. to develop digital avatars. Upon commercialisation of the interactive digital humans in Japan, Unith and NVISO will proceed under a profit share agreement whereby both parties will be allocated 50% of profits generated (deducting technology, creation and marketing costs). The collaboration will be assisted by the European Union Innovation Fund (BonApps program), which will accelerate development work by providing an approximately \$117,000 grant to the project.

On 13 February 2023, the Company announced that it received firm commitments to raise \$4.5 million (gross proceeds, of which all funds had been received as of the date of this report) to fund accelerated development and commercialisation of conversational AI products, including ChatGPT integrations. The placement comprises an offer of 136,363,636 new fully paid ordinary shares in the Company at an issue price of \$0.033 per share, with attaching listed options (ASX:UNTO) on a 1:1 basis exercisable at \$0.06 per option expiring 25 July 2024. The offer price was at par to the Company's 30-day volume weighted average price at close of trading on 8 February 2023. The Company intends to offer the opportunity to all Eligible Shareholders to subscribe for up to \$30,000 of fully paid ordinary shares in a non-underwritten Share Purchase Plan at the same price as the placement to raise up to \$500,000.

On 20 February 2023, the Company announced that it issued 136,363,636 fully paid ordinary shares (UNT) and 45,454,554 listed options (UNTO) as part of the placement announced on 13 February 2023.

No other matter or circumstance has arisen since 31 December 2022 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 periods.

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 2022 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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke ending in a small 'x'.

---

Sytze Voulon  
Non-Executive Chairman

28 February 2023  
Perth

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## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Members of Unith Ltd

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Unith Ltd (formerly Crowd Media Holdings Limited) and its controlled entities (together 'the Group') which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 Unith Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Unith Ltd 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 is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility for the Review of the 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 2022 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.



**RSM AUSTRALIA PARTNERS**



**R J MORILLO MALDONADO**

Partner

Dated: 28 February 2023  
Melbourne, Victoria