

1. Company details

Name of entity:	Unith Ltd
ABN:	13 083 160 909
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	25.1% to	4,023,177
Loss from ordinary activities after tax attributable to the owners of Unith Ltd	down	76.9% to	(732,193)
Loss for the year attributable to the owners of Unith Ltd	down	76.9% to	(732,193)

Dividends

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

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$732,193 (30 June 2022: \$3,170,719).

Refer to the Directors' report for discussion of the review of operations for the year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.86</u>	<u>0.52</u>
Calculated as follows:		
	Group	
	2023	2022
	\$	\$
Net assets	9,308,488	4,701,330
Less: Intangibles	<u>(1,619,163)</u>	<u>(952,360)</u>
Net tangible assets	<u>7,689,325</u>	<u>3,748,970</u>
Total shares issued	<u>890,838,115</u>	<u>719,839,031</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Unith Ltd for the year ended 30 June 2023 is attached.

12. Signed

As authorised by the Board of Directors



Signed _____

Date: 31 August 2023

Sytze Voulon
Non-Executive Chairman
Perth



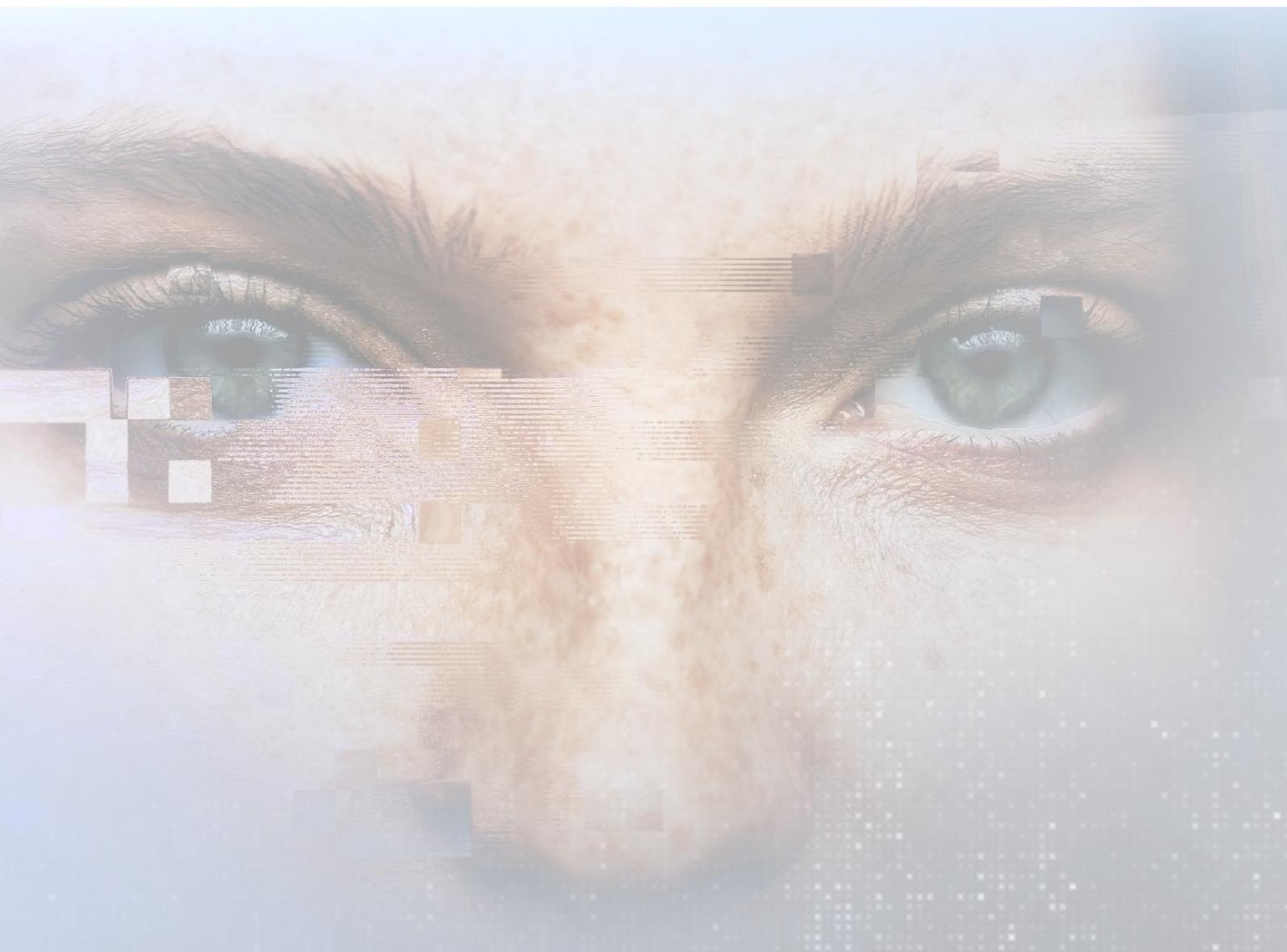
UNITH LTD

(ASX: UNT & UNTO / FWB: CM3)

Annual Report 2023



	Corporate directory	2
Chairman's and Chief Executive Officer's letters		3
	Directors' report	5
	Auditor's independence declaration	21
Consolidated statement of profit or loss and other comprehensive income		22
	Consolidated statement of financial position	24
	Consolidated statement of changes in equity	25
	Consolidated statement of cash flows	27
Notes to the consolidated financial statements		28
	Directors' declaration	66
Independent auditor's report to the members of Unith Ltd		67
	Shareholder information	72





Directors	Sytze Voulon - Chairman Matthew Blake Scott Mison Justin Baird
Company Secretary	Scott Mison
Registered Office	202/37 Barrack Street Perth WA 6000 Australia Tel: 1300 034 045 (within Australia) +61 (3) 9020 1468 (outside Australia) Fax: +61 (3) 9923 6507
Principal place of business	Piet Heinkade 95B 1019 GM Amsterdam Netherlands +61 (3) 9020 1468 (outside Australia)
Share Registry	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000 Tel: 1300 737 760 (within Australia) +61 (0) 3 9290 9600 (outside Australia) Fax: +61 (2) 9279 0664
Auditor	RSM Australia Partners Level 21 55 Collins Street Melbourne VIC 3000
Stock exchange listing	Unith Ltd shares (ASX code: UNT) and options (ASX code: UNTO) are listed on the Australian Securities Exchange Unith Ltd shares are also dual listed on the Frankfurt Stock Exchange (FWB code: CM3)
Website	UNITH.ai
Corporate Governance Statement	<p>The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.</p> <p>The Company's Corporate Governance Statement and policies, which will be approved at the same time as the Annual Report, can be found on its website: https://www.unith.ai/investor-portal/</p>



Dear Shareholders,

On behalf of the Board of Directors of Unith Ltd ("Unith"), I am pleased to present the 2023 Annual Report. The past year has been truly transformational for the Company. In November 2022, the Company was rebranded as UNITH to better represent its focus on clean, commercial and agile AI technology. UNITH has crystallised its vision of becoming a leading conversational AI Company and strengthened the team and the balance sheet to support continued platform development and commercialisation. With a clear roadmap in place, UNITH is now on a path to broader commercialisation and profitability.



To accelerate UNITH's growth initiatives, the Company undertook a successful institutional Placement and Share Purchase Plan in February 2023. The \$4.8 million raised has allowed the Company to fast-track development of its Digital Human platform and recruit a dedicated sales team to progress commercial activities, and with \$4.3 million cash at bank as at 30 June 2023, the Company is well placed to continue to advance these activities.

UNITH generated \$4.0 million in revenue in FY23, had positive EBITDA of \$0.2 million, an improvement of 109% from the prior financial year, and a net loss after tax of (\$0.7 million), an improvement of 77% from the prior year. The Company had net assets of \$9.3 million and working capital of \$3.0 million at 30 June 2023.

The Talking Head platform reached several important milestones in FY23. Increased investment in technology resulted in digital humans looking more humanlike and even showing empathy in conversations. The platform was successfully integrated with GPT, enabling open conversations with digital humans. On the commercial front, we signed a 2-year license with a 'Big-5 Tech' company, along with other contract wins and commercial partnerships.

All user acquisition activities within the subscription division were moved in-house which has resulted in acceleration in growth and improved profitability. Excitingly, the division reached 100,000 users across Europe and Middle East in Q4 FY23 and generated a revenue of \$3.4 million in FY23. We expect further sustainable growth from this profitable division within the existing 17 markets and through expansion to new markets.

In July 2023, we strengthened the Board with the appointment of Justin Baird as Non-Executive Director. Justin comes with over 20 years of leadership experience and in-depth knowledge on large and emerging technology companies, including Accenture, DHL and Microsoft. As an innovationist at Google, he also played a crucial role in launching YouTube across the Asia Pacific. As a high calibre expert, Justin has already made valuable contribution to UNITH in his first few months on the Board.

Finally, I would like to congratulate the entire UNITH team for a tremendous year and for delivering on the development and commercialisation Roadmap. FY24 is set to be an even more exciting year, with the digital human platform set to launch for self-service later this year, and with several commercial opportunities well progressed. I would also like to thank my fellow Board members for their valuable insights and ongoing commitment, and our shareholders for their continued support.

Sytze Voulon
Chairman, Unith Ltd

Chief Executive Officer's Letter



Dear Shareholders,

Reflecting on FY23, I am incredibly proud of the progress we made on our Digital Human platform. With a sharpened strategy and a growing team of talents in place, we made significant headways on our technology development and commercialisation. The conversational AI space has gained strong momentum and, as a pioneer of Digital Humans, UNITH is well placed to capitalise on the huge market opportunity.

On the technology front, we delivered several key enhancements to the platform. The server architecture was optimised to allow for expected future growth in online traffic and advanced analytics technology was integrated into the platform.



We successfully integrated GPT technology to enable advanced open-ended conversations with our digital humans. We continue to work on making our digital humans more human-like, with further improvements to face and body movements while advancing towards the holy grail of synthetic emotional intelligence. Thanks to all the hard work by our product & development team, the platform is very close to being ready for self-service soft launch.

I am truly excited about the broad range of applications for our platform, evidenced by the variety of commercial contracts and partnerships we have signed over the past year. The most notable contract to date involves developing Digital Humans to a 'Big-5 Tech' client to assist with onboarding and educating employees in Europe. We delivered their first digital human earlier this year, and following a successful start to the relationship we are now working on expanding our engagement with this high-profile client.

Our recent contract win with AZBillions, an e-lottery platform, is another example of how digital humans can be an efficient and cost-effective solution to a global business. Instead of hiring customer service personnel around the world to cater for different time zones and languages, AZBillions will be able to service their entire customer base with our digital humans, available 24/7 and customised to each region with the appropriate information and language skills.

In August 2023, we won a contract to deliver AI-based digital human socials workers for Alliance for Public Health across Eastern Europe. Courtesy of low bandwidth requirements for our platform, this contract is a great example of our digital humans enabling improved accessibility of information to people with older devices or slower internet speeds.

We recently launched three digital humans on our website for the public and prospective clients to engage with. The demo Digital Humans – AIKO and LAIA – are designed to showcase the technology we have developed and some roles (spokesperson, tour guide, onboarding employee) our digital humans can play. As we shortly launch our platform for self-service, selected clients will be able to create their own digital humans for a specific role with customised visual appearance, voice and language, such as an educator, customer service assistant or salesperson.

Leveraging our recently established in-house user acquisition team, the mobile subscription division has experienced rapid growth and improvement in profitability over recent months. New AI applications Bedtime Stories and AstroVIP have been well-received, and we are seeing an increased level of engagement by our users. We have increased our marketing spend in the short-term to boost further growth and margin expansion in this profitable division.

I would like to thank our team for their commitment and hard work in FY23. I also want to thank our shareholders for joining this journey with us. With an imminent launch of our self-service platform and a robust pipeline of commercial opportunities in place, FY24 is set to be an exciting year for UNITH. I look forward to updating you throughout the year as we reach further technical and commercial milestones on our path to sustained growth.

Idan Schmorak
Chief Executive Officer, Unith Ltd

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', 'parent entity' or 'Unith') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Sytze Voulon	Chairman
Matthew Blake	
Scott Mison	
Justin Baird	Appointed 26 July 2023
Domenic Carosa	Resigned 24 April 2023

Principal activities

During the financial 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.

Dividends

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

Review of operations

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

The Group earned revenue for the year ended 30 June 2023 of \$4,023,177 versus \$5,371,326 in the prior year ended 30 June 2022 ('pcp' or 'prior year'). The Company's EBITDA was a profit of \$207,163 for the year (pcp: loss of (\$2,387,415)) and NPAT for the year was (\$739,847) (pcp: (\$3,170,719)). The Group's net asset position at 30 June 2023 was \$9,308,488, an increase of \$4,607,158 from the prior year balance.

Comparison of years ended 30 June 2023 to 30 June 2022

	2023 \$	2022 \$	Increase/ (decrease) \$	Percentage change %
Revenue	4,023,177	5,371,326	(1,348,149)	(25%)
Cost of sales	(888,888)	(951,460)	62,572	(7%)
Selling, general and administration expenses	(5,532,102)	(4,723,568)	(808,534)	17%
Impairment expenses and expected credit losses	(149,775)	(935,835)	786,060	(84%)
Net fair value loss on investments	2,754,751	(1,147,878)	3,902,629	(340%)
EBITDA	207,163	(2,387,415)	2,594,578	(109%)
Interest income	27,936	55,109	(27,173)	(49%)
Depreciation and amortisation	(898,503)	(655,612)	(242,891)	37%
Finance costs	(76,443)	(182,801)	106,358	(58%)
NPAT	(739,847)	(3,170,719)	2,430,872	(77%)

Notably, the Company's EBITDA and net loss includes non-cash impairment expenses of \$149,775, non-cash share-based payment charges of \$239,632, restructuring costs of \$193,589 and non-cash fair value gains on investments of \$2,754,751. When adjusting only for these effects, consistent with performance measures reported to shareholders during the year, the Underlying EBITDA for the financial year is a loss of (\$2,083,491), as follows:

	2023 \$	2022 \$	Increase/ (decrease) \$	Percentage change %
NPAT	(739,847)	(3,170,719)	2,430,872	(77%)
Add back: finance costs	76,443	182,801	(106,358)	(58%)
Deduct: interest revenue	(27,936)	(55,109)	27,173	(49%)
Add back: depreciation and amortisation	898,503	655,612	242,891	37%
EBITDA	207,163	(2,387,415)	2,594,578	(109%)
Add back: impairment expenses (non-cash)	149,775	1,026,315	(876,540)	(85%)
Add back: share-based payments expense (non-cash)	239,632	91,625	148,007	162%
Add back: restructuring costs	193,589	-	193,589	-
Deduct/add-back: fair value loss on investments (non-cash)	(2,754,751)	1,147,878	(3,902,629)	(340%)
Effects of exchange rate changes	(118,899)	68,249	(187,148)	(274%)
Underlying EBITDA	<u>(2,083,491)</u>	<u>(53,348)</u>	<u>(2,030,143)</u>	3805%

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/(loss) under AAS adjusted for non-cash and significant items.

Revenue

During the year, revenue from the Group's operations totalled \$4,023,177 (pcp: \$5,371,326). Revenue was represented by Subscription of \$3,410,629, (pcp: \$5,101,699) and Talking Head of \$612,548 (pcp: not applicable, division commenced in the current year).

The Subscription business continues to be EBITDA 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 to achieve the goals set in the Company's technology roadmap. Improvements have been made to the human-likeness of Unith's digital humans, while integrating the platform with GPT to enable open conversations, as opposed to pre-defined guided conversations. The commercial team has been scaled alongside platform enhancements and enterprise go-to-market has been initiated ahead of schedule, establishing a rich customer and partnership pipeline.

Expenses

(i) Cost of sales

During the year, the Group's cost of sales was \$888,888, or 22% of revenue (pcp: \$951,460 at 18%). The increase in cost of sales as a percentage of revenue compared to the prior year is mainly due to the change in product mix and is expected to decrease slightly in the next financial year.

(ii) Selling, general and administration expense

The Group's selling, general and administration expenses (including marketing) of \$5,532,102 for the year increased by 17% compared to the prior year. The increase is mainly due to an increase in marketing expenses (+21% versus the prior year) increases in consultants fees (+76% versus the prior year) and share-based payment expenses (+162% versus the prior year mainly due to new ESOP options granted to certain employees of the Group, excluding the CEO and directors, and options granted to third parties in lieu of fees for corporate advisory services).

(iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the year was \$898,503 (pcp: \$655,612). The increase from prior period is mainly due to amortisation on software intangible assets.

(iv) Finance costs

The consolidated finance costs for the year of \$76,443 decreased by 58% from \$182,801 for the prior year. The Company fully repaid the loan payable to Vane Finance Technology (formerly BillFront) during the prior year, reducing finance costs in the current year.

(v) Income tax expense/(benefit)

The consolidated income tax expense for the year was \$nil (pcp: \$nil).

Cash flow

The Company's net cash used by operating activities for the year was (\$1,270,918) (pcp: net cash provided by operating activities of \$11,804), mainly reflecting higher spend on marketing as the Mobile Subscription division continues to expand into new markets and on research and development of the Digital Humans technology.

The net cash flow used in investing activities for the year was (\$1,241,838), which was mainly used for additions to software intangibles assets (i.e. development of the Digital Humans technology and the related intellectual property).

Net cash flow from financing activities was \$4,807,421. The Group received \$4,973,749 (net of transaction costs) from the issue of shares and \$57,000 from the exercise of options during the year.

Liquidity and Financial Position

At the Group's 30 June 2023 reporting date:

- Cash and cash equivalents ('cash') were \$4,260,433, an increase of \$2,031,977 from \$2,228,456 at 30 June 2022.
- Working capital (defined as current assets less current liabilities) was \$3,014,551, an increase of \$931,733 from \$2,082,818 at 30 June 2022.
- Net assets were \$9,308,488, an increase of \$4,607,158 from \$4,701,330 at 30 June 2022.

The financial statements have been prepared on a going concern basis. Refer to note 2 of the financial statements.

Material business risks

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years:

Failure to scale up and commercialise

There is a risk that the Company will be unable to achieve sufficient scale in the commercialisation of its products across all target customer segments, which could potentially result in reduced or negative growth.

There is also a risk that the Company's products launched and developed to the market may be unprofitable because they are not supported by sufficient market interest or otherwise not adequately marketed and fail to sell. There is also a risk that the products waste operating costs or incurs operating costs earlier than necessary or greater than forecast.

Failure to effectively attract new or retain existing clients

Our business depends on our ability to retain existing clients, attract further business from existing clients and to gain new clients. There is a risk our existing clients reduce their usage of our solution.

Our ability to retain existing clients and attract new clients, as well as our clients' level of usage of our solution, depends on many factors including the adequacy of our solution with respect to matters such as functionality, reliability, cost-effectiveness, pricing and client support. In addition, clients' use of our solution may be affected by external factors such as changes to laws and regulations which affect our clients' business. If our clients do not continue to use our solution or increase their use over time, or if new clients do not choose to use our solution, the growth in our revenue may slow or decline.

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

There is a risk that the Group's systems and software may be adversely affected by damaged or faulty equipment misuse by staff or contractors, disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "worms", malware, ransomware, internal or external misuse by websites, hacking or cyber-attacks, and other disruptions including natural disasters, power surges or outages, terrorist attacks, or other similar events.

There is also a risk that security and technical precaution measures taken by the Group and its third-party operators will not be sufficient to prevent unauthorised access to the Group's networks, systems and databases.

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

Technology and software

Long term development of software can lead to dependency on dated technology that restricts maintainability, speed of development, security and The Group's competitiveness in the market. Rapid growth can incur technical debt in service of speed to market. As with all information technology and software products, there is a risk of technological obsolescence. New technology may be perceived by customers to have advantages over the Group's current products.

Talent retention and acquisition

The Group's success depends to some extent on its ability to attract and retain key personnel; specifically technology talent, implementation and customer success roles, payroll specialists and senior management with extensive experience in, and knowledge of, the education, government, justice and employment industries in which the Group operates.

The loss of key personnel may adversely affect the Group's ability to develop its products, or implement its business strategies and may adversely affect its future financial performance. This continues to be an elevated risk due to a tight labour market, wage inflation driven by an increased demand for this talent by acceleration of digital strategies, lack of migration and skills shortages.

Regulatory

The Group's products are significantly influenced and affected by government policy and regulations which apply to the education, employment and government related entities industries in which the Group operates. There is a risk that the Group may fail to keep abreast of such policy and regulations and potential changes to the same, which may have an adverse impact on its business, operations and financial performance.

Any material new or altered law, regulation or policy which impacts the Group's products could require the Group to increase spending and employee resources on regulatory compliance and/or change its business practices, which would adversely affect the Group's operations and profitability. Further, there is a risk that customers may reduce their usage of the Group's products, or that the Group may fail to attract new customers, if the Group fails to offer solutions with appropriate coverage of compliance or regulatory requirements as sought by its customers.

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 parties 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 6,750,000 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 issued 1,000,000 performance rights, 1,500,000 options exercisable at \$0.05 and expiring on or before 6 June 2025, to Simon Roy, and 750,000 options exercisable at \$0.06 and expiring on or before 25 July 2024, to Coby Hanock, 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 18 November 2022, the Company listed options exercisable at \$0.06 and expiring on 25 July 2024 (ASX: UNTO).

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.

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 a grant of approximately \$117,000 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 intended 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.

On 7 March 2023, the Company issued 1,000,000 fully paid ordinary shares upon the exercise of unlisted options exercisable at \$0.03 and expiring on 31 December 2023.

On 3 April 2023, the Company held a General Meeting in which shareholders ratified the issue of 136,363,636 shares, 90,909,091 attaching listed options and 12,500,000 broker options relating to the capital raise in February 2023.

On 5 April 2023, the Company announced that it raised \$271,000 and issued 8,212,121 new fully paid ordinary shares from the Share Purchase Plan announced in February 2023, in which the majority of the support came from Directors Scott Mison and Matthew Blake.

On 24 April 2023, the Company announced that it accepted the resignation of Domenic Carosa as a Non-Executive Director of the Board, effective 24 April 2023.

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

Matters subsequent to the end of the financial year

On 21 July 2023, the Company issued 1,376,035 fully paid ordinary shares to employees upon the vesting of performance rights. The Company also issued 12,422,223 unlisted options to employees. The Company also announced that 7,000,000 fully paid ordinary shares and 8,000,000 listed options were issued for settlement of capital raising costs.

On 26 July 2023, the Company announced the appointment of Justin Baird as Non-Executive Director. Justin, Fellow of the Royal Society of the Arts ('FRSA'), brings over twenty years of management and high-tech experience in areas ranging from research and development, analogue and digital engineering, embedded systems development, hardware and software product management, high speed digital networks, large scale multimedia processing systems, mobile and web application deployment, android and iOS mobile applications, agile team management, and social media technologies.

On 27 July 2023, the Company announced that it issued 500,000 fully paid ordinary shares to a contractor as part of remuneration.

On 22 August 2023, the Company announced that it won a public tender to deliver an artificial intelligence solution for the Alliance of Public Health that will see Unith's digital humans deployed across 14 countries. The digital workers will be deployed by June 2024 through Unith's AI platform and integrated into existing social services, reducing burden on the public healthcare system. The one-year contract, with an option for a five-year extension, was awarded to Unith via a public tender process and is valued at USD\$111,000 (approximately AUD\$164,000).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Directors and management of the Group will focus on targeting growth in the combined business operations.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Sytze Voulon
Title:	Non-Executive Director and Chairman
Qualifications:	Bachelor of Science in Marine Engineering from the Maritime Institute Willem Barentsz, Terschelling and Bachelor of Science in Maritime Business Studies from Rotterdam University.
Experience and expertise:	Sytze is an experienced executive who led international businesses across several industries and geographies, the most recent being the Chief Executive Officer for Synlab Analytics & Services. Synlab is Europe's number one medical diagnostic service provider. The Analytics & Services division, with an annual revenue of 200 million Euro and operating 37 labs across 11 countries, is a leader in testing, inspection and certification services. It addresses the European Environmental, Food and Agri as well as the global Pharma and Products markets. Sytze positioned the division for a PE buyout as an inorganic European consolidation platform that allowed for a tailored mergers and acquisitions strategy. Sytze successfully led the due diligence and sales process and achieved full enterprise value on exit. Sytze started his career at Mobil Oil and continued to work in senior management positions for renowned companies such as Rolls-Royce, Stork Technical Services, Imtech and Applus where he gained comprehensive experience in leasing global service companies with particular focus on turnaround processes and restructurings. He currently offers his experience and skills as an independent Strategy and Management Consultant and assists start-up and scale-up businesses.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	2,000,000 fully paid shares
Interests in options:	2,000,000 options over ordinary shares exercisable at \$0.06 expiring 25 July 2024
Interests in rights:	None
Contractual rights to securities:	None

Name: **Matthew Blake**
Title: Non-Executive Director
Qualifications: Bachelor of Commerce from University of Western Australia and Graduate Diploma in Applied Finance and Investment with the Financial Services Institute of Australasia.
Experience and expertise: Matthew has 25 years' experience in the financial services industry and with ASX companies. He joined DJ Carmichael Pty Limited in 1999 as an Investment Adviser, later becoming an Executive Director of the company until the sale of the business to Shaw and Partners Limited in 2019.
Other current directorships: Executive Director of Javelin Minerals Limited; Non-Executive Director of Great Southern Mining Limited
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 3,909,091 fully paid shares
Interests in options: 3,000,000 options over ordinary shares exercisable at \$0.06 expiring 25 July 2024
Interests in rights: None
Contractual rights to securities: None

Name: **Scott Mison**
Title: Non-Executive Director and Company Secretary
Qualifications: Bachelor of Business degree majoring in Accounting and Member of Chartered Accountants Australia and New Zealand and Governance Institute of Australia.
Experience and expertise: Scott has more than 25 years of corporate and operation experience in Australia, UK, Central Asia, Africa and the US. Central Asia, Africa and the US. He is currently COO, CFO and Company Secretary of Javelin Minerals Limited (ASX: JAV). He has held many Director and Company Secretary roles with ASX or LSE companies in the technology and mining industry.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Company Secretary
Interests in shares: 4,006,061 fully paid shares
Interests in options: 3,000,000 options over ordinary shares exercisable at \$0.06 expiring 25 July 2024
Interests in rights: None
Contractual rights to securities: None

Name:	Justin Baird
Title:	Non-Executive Director (appointed 26 July 2023)
Qualifications:	Fellow of the Royal Society of the Arts (FRSA)
Experience and expertise:	Justin brings over 20 years of management and high-tech experience, in areas ranging from research and development, analogue and digital engineering, embedded systems development, hardware and software product management, high speed digital networks, large scale multimedia processing systems, mobile and web application deployment, android and iOS mobile applications, agile team management, and social media technologies. He holds two U.S. Patents, four pending U.S. Patents, and has written several technical papers within these areas of research. He has founded, advised and invested in numerous startups, with a focus on the development of emerging technology solutions that deliver societal benefit across many sectors. Justin holds a Bachelor of Science in Computer and Electrical Engineering from the University of Miami, Miami USA, and an MBA from the Australian Graduate School of Management, Sydney Australia. He completed the Disruptive Strategy Leadership Program of the Harvard Business School, Boston, Massachusetts USA, and the Diversity and Inclusion Certificate Program of Cornell University, Ithaca, New York USA. Justin is currently the co-founder of his own tech startup based in Singapore and offers his experience and skills as an independent strategy and management consultant focused on Asia Pacific based startup and scale-up businesses.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Resignations

Domenic Carosa resigned as a director on 24 April 2023.

Company secretary

Scott Mison is the Company Secretary and is a Non-Executive Director. Refer to 'Information on directors' section above for experience and expertise. Scott has worked as a Company Secretary and Director of many ASX and LSE listed companies since 2006.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	<i>Full Board</i>	
	<i>Attended</i>	<i>Held</i>
Sytze Voulon - Chairman	11	11
Matthew Blake	11	11
Scott Mison	11	11
Domenic Carosa	9	9

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having revenue and economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, and particularly growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors may receive share options or other incentives. Fees are reviewed annually and include superannuation contributions, where required. The non-executive directors do not receive any other benefits.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 9 December 2015, where the shareholders approved an aggregate remuneration of \$500,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long-term performance incentives
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are paid as cash bonuses and are discretionary.

The long-term incentives ('LTI') may include equity based payments in the form of shares, performance rights or options. On 10 December 2021, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees, consultants and Directors may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

Performance rights may be issued to all employees and Directors of the Company and any Subsidiary. The number of performance rights (if any) to be offered from time to time to each person shall be determined by the Board in its discretion. The performance rights in respect of an employee will vest no earlier than on meeting the relevant Performance Condition(s). Unissued performance rights will be issued pro-rata at the time the relevant Performance Condition is met. The employee must still be employed by the Company at the time of vesting, unless otherwise agreed by the Board in limited circumstances. Any performance rights that have been earned but remain unvested will vest in the event of a takeover or similar event occurring. Should the holder of performance rights resign, all rights not yet vested will be forfeited.

On 5 November 2020, the Company agreed to issue Performance Rights to employees. The three-year PRs are based on retention targets for key management personnel, excluding directors, and the maximum number of shares that can be issued on conversion is 4,500,000. On 20 September 2021, the Company also issued 3,000,000 performance rights to the CEO which vest over 3 years (year 1: 20% vest (600,000), year 2: 30% vest (900,000) and year 3: 50% vest (1,500,000)). 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 agreed to issue a further 6,250,000 PRs to employees, excluding the directors and CEO, which vest over 3 years on similar terms to those issued on 20 September 2021.

All LTI incentives are designed and used specifically to align management and shareholders' interests and to assist the Company in the attraction, motivation and retention of appropriately skilled staff. In particular, the plans are designed to provide relevant executives with an incentive for future performance and typically include vesting conditions under the plans.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants

During the financial year ended 30 June 2023, the Company did not engage remuneration consultants to review its existing remuneration policies or provide recommendations on how to improve incentive programs, however, the Company intends to engage independent consultants during FY 2024.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 30 November 2022 AGM, 83.33% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the Directors of Unith Ltd and the following persons:

- Idan Schmorak - Chief Executive Officer; and
- Melanie Mouldenhauer – Chief Financial Officer.

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Consulting fees	Super-annuation	Leave benefits	Equity-settled	
	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
D Carosa**	49,881	-	-	-	-	-	49,881
M Blake	60,000	-	-	-	-	-	60,000
S Mison*	60,000	-	36,000	-	-	-	96,000
S Voulon	80,124	-	-	-	-	-	80,124
<i>Other Key Management Personnel:</i>							
I Schmorak	277,131	28,040	-	-	-	60,000	365,171
M Mouldenhauer	250,723	-	-	-	-	34,800	285,523
	<u>777,859</u>	<u>28,040</u>	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>94,800</u>	<u>936,699</u>

* Includes remuneration for Director's fees (\$60,000) and Company Secretary fees (\$36,000)

** Remuneration is for the period from 1 July 2022 to date of resignation as a Director or key management personnel on 24 April 2023

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Consulting fees	Super-annuation	Leave benefits	Equity-settled	
	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
S Schapera**	91,463	-	20,082	-	-	-	111,545
D Carosa	59,748	-	-	-	-	-	59,748
M Blake	60,000	-	-	-	-	-	60,000
S Mison*	60,000	-	36,000	-	-	-	96,000
S Voulon***	46,667	-	-	-	-	-	46,667
<i>Other Key Management Personnel:</i>							
I Schmorak***	196,344	-	-	-	-	30,682	227,026
M Mouldenhauer	240,220	-	-	-	-	24,750	264,970
	<u>754,442</u>	<u>-</u>	<u>56,082</u>	<u>-</u>	<u>-</u>	<u>55,432</u>	<u>865,956</u>

* Includes remuneration for Director's fees (\$60,000) and Company Secretary fees (\$36,000)

** Mr. Schapera was an Executive Director from 1 July 2021 until Mr. Schmorak was appointed on 20 September 2021, when Mr. Schapera transitioned to a Non-Executive Director

*** Remuneration is for the period from appointment as Director or key management personnel on 20 September 2021 to 30 June 2022

Proportion of remuneration linked to performance

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
S Schapera	-	100%	-	-	-	-
D Carosa	100%	100%	-	-	-	-
M Blake	100%	100%	-	-	-	-
S Mison	100%	100%	-	-	-	-
S Voulon	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
I Schmorak	76%	86%	8%	-	16%	14%
M Mouldenhauer	88%	91%	-	-	12%	9%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Idan Schmorak
Title: Chief Executive Officer
Agreement commenced: 20 September 2021
Term of agreement: 3 years
Details: Base annual package*, performance based, 'at-risk' STI and discretionary share based LTI remuneration, subject to annual performance review. 3 months termination by employer, 3 months by executive. The Company may terminate the agreement with cause in certain circumstances such as gross misconduct.
* Base annual package - US\$189,000

Name: Melanie Mouldenhauer
Title: Chief Financial Officer
Agreement commenced: 1 June 2019
Term of agreement: Ongoing
Details: Base annual package*, performance based, 'at-risk' STI and discretionary share based LTI remuneration, subject to annual performance review. 4 months termination by employer, 2 months by executive. The Company may terminate the agreement with cause in certain circumstances such as gross misconduct.
* Base annual package - €160,795 plus statutory social security

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

<i>Grant date</i>	<i>Vesting date and exercisable date</i>	<i>Expiry date</i>	<i>Fair value per right at grant date</i>
5 November 2020	30 June 2023	30 June 2023	\$0.0400
20 September 2021	20 September 2023	20 September 2023	\$0.0240
20 September 2021	20 September 2024	20 September 2024	\$0.0240
18 October 2022	30 June 2023	30 June 2023	\$0.0240
18 October 2022	30 June 2024	30 June 2024	\$0.0240
18 October 2022	30 June 2025	30 June 2025	\$0.0240

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Sales revenue (continuing and discontinued)	4,023,177	5,371,326	10,909,622	16,480,683	23,918,776
Underlying EBITDA	(2,083,491)	(53,348)	(95,971)	(770,695)	(5,587,379)
Total comprehensive income for the year attributable to the owners of Unith Ltd	(644,015)	(3,220,390)	(6,119,657)	(1,856,796)	(4,284,757)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.03	0.02	0.02	0.03	0.01
Basic earnings per share (cents per share)	(0.09)	(0.49)	(1.26)	(0.68)	(2.10)
Diluted earnings per share (cents per share)	(0.09)	(0.49)	(1.26)	(0.68)	(2.10)

Additional disclosures relating to key management personnel

Share Holding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	<i>Balance at the start of the year</i>	<i>Received as part of remuneration</i>	<i>Additions</i>	<i>Disposals/ other</i>	<i>Balance at the end of the year</i>
<i>Ordinary shares</i>					
S Voulon	-	-	2,000,000	-	2,000,000
D Carosa*	32,565,428	-	2,900,000	(17,165,222)	18,300,206
M Blake	-	-	3,909,091	-	3,909,091
S Mison	-	-	4,006,061	-	4,006,061
I Schmorak	-	1,600,000	-	-	1,600,000
M Mouldenhauer	798,535	1,700,000	-	(841,500)	1,657,035
	<u>33,363,963</u>	<u>3,300,000</u>	<u>12,815,152</u>	<u>(18,006,722)</u>	<u>31,472,393</u>

* Represents the amount at the time of resignation as a non-executive director on 24 April 2023

Option Holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Options over ordinary shares</i>					
S Voulon	-	2,000,000	-	-	2,000,000
D Carosa*	6,000,000	2,000,000	(1,900,000)	(2,600,000)	3,500,000
M Blake	-	3,000,000	-	-	3,000,000
S Mison	-	3,000,000	-	-	3,000,000
I Schmorak	-	-	-	-	-
M Mouldenhauer	-	-	-	-	-
	<u>6,000,000</u>	<u>10,000,000</u>	<u>(1,900,000)</u>	<u>(2,600,000)</u>	<u>11,500,000</u>

* Represents the amount at the time of resignation as a non-executive director on 24 April 2023

Performance Rights Holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Vested</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Performance rights over ordinary shares</i>					
S Voulon	-	-	-	-	-
D Carosa	-	-	-	-	-
M Blake	-	-	-	-	-
S Mison	-	-	-	-	-
I Schmorak	3,000,000	-	(600,000)	-	2,400,000
M Mouldenhauer	2,450,000	2,000,000	(1,700,000)	-	2,750,000
	<u>5,450,000</u>	<u>2,000,000</u>	<u>(2,300,000)</u>	<u>-</u>	<u>5,150,000</u>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Unith Ltd under option at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number under option</i>
30 January 2020	31 December 2023	\$0.030	4,752,000
27 March 2020	31 December 2023	\$0.030	1,250,000
20 April 2020	31 December 2023	\$0.030	1,250,000
11 June 2020	31 December 2023	\$0.030	8,000,000
1 October 2020	30 September 2023	\$0.030	7,500,000
6 November 2020	31 December 2023	\$0.030	1,500,000
16 November 2020	31 December 2023	\$0.030	500,000
Various	25 July 2024	\$0.060	<u>270,113,649</u>
			<u><u>294,865,649</u></u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of Unith Ltd under performance rights at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Number under rights</i>
20 September 2021	20 September 2024	2,400,000
18 October 2022	30 June 2025	5,400,000
18 July 2023	30 June 2026	<u>10,350,000</u>
		<u><u>18,150,000</u></u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Unith Ltd were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

<i>Date options granted</i>	<i>Exercise price</i>	<i>Number of shares issued</i>
13 December 2019	\$0.030	900,000
6 December 2021	\$0.030	<u>1,000,000</u>
		<u><u>1,900,000</u></u>

Shares issued on the exercise of performance rights

The following ordinary shares of Unith Ltd were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of performance rights granted:

<i>Date performance rights granted</i>	<i>Number of shares issued</i>
18 December 2019	2,411,868
5 November 2020	1,136,805
20 September 2021	600,000
18 October 2022	<u>667,360</u>
	<u><u>4,816,033</u></u>

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration

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

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

On behalf of the Directors

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

Sytze Voulon
Non-Executive Chairman

31 August 2023
Perth

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Unith Ltd and its controlled entities for the year ended 30 June 2023, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 31 August 2023
Melbourne, Victoria

Unith Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

ÜNITH

	Note	Group 2023 \$	2022 \$
Revenue			
Revenue	5	4,023,177	5,371,326
Cost of sales		<u>(888,888)</u>	<u>(951,460)</u>
Gross margin		<u>3,134,289</u>	<u>4,419,866</u>
Interest revenue calculated using the effective interest method		27,936	55,109
Net fair value gain on investments	14	2,754,751	-
Recovery of expected credit losses	9	-	90,480
Expenses			
Marketing		(1,257,536)	(1,036,000)
Administration and other expenses		(676,683)	(758,589)
Consultants		(1,166,848)	(663,924)
Depreciation and amortisation expense	6	(898,503)	(655,612)
Employee benefits expense		(2,052,283)	(2,119,179)
Impairment of assets	6	(9,042)	(1,026,315)
Travel and accommodation		(139,120)	(51,174)
Product development		-	(3,077)
Share-based payments	6	(239,632)	(91,625)
Allowance for expected credit losses	9	(140,733)	-
Net fair value loss on investments	14	-	(1,147,878)
Finance costs	6	<u>(76,443)</u>	<u>(182,801)</u>
Loss before income tax expense		(739,847)	(3,170,719)
Income tax expense	7	<u>-</u>	<u>-</u>
Loss after income tax expense for the year		(739,847)	(3,170,719)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>88,178</u>	<u>(49,671)</u>
Other comprehensive income for the year, net of tax		<u>88,178</u>	<u>(49,671)</u>
Total comprehensive income for the year		<u>(651,669)</u>	<u>(3,220,390)</u>
Loss for the year is attributable to:			
Non-controlling interest		(7,654)	-
Owners of Unith Ltd	24	<u>(732,193)</u>	<u>(3,170,719)</u>
		<u>(739,847)</u>	<u>(3,170,719)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(7,654)	-
Owners of Unith Ltd		<u>(644,015)</u>	<u>(3,220,390)</u>
		<u>(651,669)</u>	<u>(3,220,390)</u>

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

Unith Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

ÜNITH

		2023	2022
		Cents	Cents
Basic earnings per share	37	(0.09)	(0.49)
Diluted earnings per share	37	(0.09)	(0.49)

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

Unith Ltd
Consolidated statement of financial position
As at 30 June 2023

ÜNITH

	Note	Group 2023 \$	Group 2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	4,260,433	2,228,456
Trade and other receivables	9	305,322	587,933
Accrued income	10	489,575	696,848
Loans receivable	11	-	-
Other assets	13	165,321	290,913
Total current assets		<u>5,220,651</u>	<u>3,804,150</u>
Non-current assets			
Other financial assets	14	4,332,892	1,133,026
Property, plant and equipment	15	51,436	59,051
Right-of-use assets	16	950,419	1,160,204
Intangibles	17	1,619,163	952,360
Convertible notes receivable	12	-	243,777
Total non-current assets		<u>6,953,910</u>	<u>3,548,418</u>
Total assets		<u>12,174,561</u>	<u>7,352,568</u>
Liabilities			
Current liabilities			
Trade and other payables	18	1,845,301	1,412,530
Deferred revenue	19	6,499	-
Lease liabilities	20	342,921	296,315
Employee benefits	21	11,379	12,487
Total current liabilities		<u>2,206,100</u>	<u>1,721,332</u>
Non-current liabilities			
Lease liabilities	20	659,973	929,906
Total non-current liabilities		<u>659,973</u>	<u>929,906</u>
Total liabilities		<u>2,866,073</u>	<u>2,651,238</u>
Net assets		<u>9,308,488</u>	<u>4,701,330</u>
Equity			
Issued capital	22	47,824,834	42,685,549
Reserves	23	5,924,230	5,927,740
Accumulated losses	24	(44,432,922)	(43,911,959)
Equity attributable to the owners of Unith Ltd		9,316,142	4,701,330
Non-controlling interest	25	(7,654)	-
Total equity		<u>9,308,488</u>	<u>4,701,330</u>

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

Unith Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2023

ÜNITH

Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
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 year	-	-	-	-	(3,170,719)	-	(3,170,719)
Other comprehensive income for the year, net of tax	-	(49,671)	-	-	-	-	(49,671)
Total comprehensive income for the year	-	(49,671)	-	-	(3,170,719)	-	(3,220,390)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 22)	2,580,327	-	-	-	-	-	2,580,327
Share-based payments (note 38)	-	-	91,625	-	-	-	91,625
Issue of shares on vesting of performance rights	53,201	-	(53,201)	-	-	-	-
Cancellation of share capital of subsidiaries on deregistration of entities	-	-	-	-	(1,680)	-	(1,680)
Transfer from convertible note optionality reserve	-	-	-	(248,674)	248,674	-	-
Transfers	-	1,014	-	-	(1,014)	-	-
Balance at 30 June 2022	<u>42,685,549</u>	<u>374,232</u>	<u>5,553,508</u>	<u>-</u>	<u>(43,911,959)</u>	<u>-</u>	<u>4,701,330</u>

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

Unith Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2023

ÜNITH

Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	42,685,549	374,232	5,553,508	-	(43,911,959)	-	4,701,330
Loss after income tax expense for the year	-	-	-	-	(732,193)	(7,654)	(739,847)
Other comprehensive income for the year, net of tax	-	88,178	-	-	-	-	88,178
Total comprehensive income for the year	-	88,178	-	-	(732,193)	(7,654)	(651,669)
<i>Transactions with owners in their capacity as owners:</i>							
Contributions of equity, net of transaction costs (note 22)	5,060,165	-	-	-	-	-	5,060,165
Share-based payments	-	-	198,662	-	-	-	198,662
Issue of shares on vesting of performance rights	79,120	-	(290,350)	-	211,230	-	-
Balance at 30 June 2023	<u>47,824,834</u>	<u>462,410</u>	<u>5,461,820</u>	<u>-</u>	<u>(44,432,922)</u>	<u>(7,654)</u>	<u>9,308,488</u>

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

Unith Ltd
Consolidated statement of cash flows
For the year ended 30 June 2023

ÜNITH

	Note	Group 2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST or equivalent)		4,709,534	6,454,738
Payments to suppliers and employees (inclusive of GST or equivalent)		(6,003,484)	(6,343,544)
Interest received		99,303	55,109
Interest and other finance costs paid		<u>(76,271)</u>	<u>(154,499)</u>
Net cash (used in)/from operating activities	36	<u>(1,270,918)</u>	<u>11,804</u>
Cash flows from investing activities			
Payments for investments		-	(974,906)
Payments for property, plant and equipment		(31,464)	(6,561)
Payments for intangibles		(1,210,374)	(786,608)
Loans given to third parties	11	<u>-</u>	<u>(347,422)</u>
Net cash used in investing activities		<u>(1,241,838)</u>	<u>(2,115,497)</u>
Cash flows from financing activities			
Proceeds from issue of shares	22	5,371,000	720,434
Proceeds from exercise of options	22	57,000	1,500,000
Share issue transaction costs	22	(397,252)	(196,238)
Repayment of convertible notes - European Investment Consortium		-	(233,333)
Repayment of lease liabilities		<u>(223,327)</u>	<u>(342,406)</u>
Net cash from financing activities		<u>4,807,421</u>	<u>1,448,457</u>
Net increase/(decrease) in cash and cash equivalents		2,294,665	(655,236)
Cash and cash equivalents at the beginning of the financial year		2,228,456	3,142,991
Effects of exchange rate changes on cash and cash equivalents		<u>(262,688)</u>	<u>(259,299)</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>4,260,433</u></u>	<u><u>2,228,456</u></u>

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 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:

Registered office

202/37 Barrack Street
Perth WA 6000
Australia

Principal place of business

95B Piet Heinkade
1019 GM Amsterdam
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 31 August 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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 or amended 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 incurred a loss before tax amounting to \$739,847 and had net cash outflows from operating activities of \$1,270,918 for the financial year ended 30 June 2023.

After reviewing the cash flow forecast for the forthcoming period until 31 August 2024, the Directors have concluded that there are reasonable grounds to believe that the Group will continue as a going concern, and therefore it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors' assessment considered the following factors:

- The Group's current assets exceeded current liabilities by \$3,014,551 at 30 June 2023, and this position remains positive at the time of signing this financial report;
- The Group has neither any capital commitments, nor any significant operational commitments;
- The Group has the ability to implement cost optimisation plans to reduce discretionary expenditures, if necessary, to reduce operating and investing cash requirements; and
- If required, the Group has the ability to raise funds to support its business plan. The Group has a proven record of raisings funds, including \$4.5 million, less transaction costs, through a share placement in February 2023.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial instruments measured at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Unith Ltd as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Unith Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised when the Group satisfies its performance obligation over time as the services are rendered based on either a fixed price or an hourly rate.

Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. The financial statements include the recognition of accrued revenue which is used to refer to a class of contract assets.

Note 2. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	1.5 - 5 years
---------------------	---------------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 2. Significant accounting policies (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Significant costs associated with intellectual property deemed to have an indefinite life are capitalised as an asset and are not amortised. Instead, intellectual property assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on intellectual property are taken to profit or loss and are not subsequently reversed. Management considers that the useful life of intellectual property is indefinite because there is no foreseeable limit to the cash flows this asset can generate.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Websites and other intangible assets

Costs in relation to websites and other intangible assets are capitalised as an asset and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 - 6 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer. These financial statements include the recognition of deferred revenue which is a term used to refer to a class of contract liabilities.

Note 2. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

Note 2. Significant accounting policies (continued)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Unith Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 2. Significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 38 for details of inputs utilised in calculating the fair value of the equity instrument.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated pre-tax discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. 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 has 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 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	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 4. Operating segments (continued)

Operating segment information

	Subscription \$	Talking Head \$	Crowd Direct \$	Other Segments \$	Total \$
Group - 2023					
Revenue					
Sales to external customers	3,410,629	612,548	-	-	4,023,177
Interest income	-	-	-	27,936	27,936
Total revenue	3,410,629	612,548	-	27,936	4,051,113
EBITDA	385,259	(569,201)	-	391,105	207,163
Depreciation and amortisation	(448,230)	(409,701)	-	(40,572)	(898,503)
Interest income	-	-	-	27,936	27,936
Finance costs	(51,917)	-	-	(24,526)	(76,443)
Profit/(loss) before income tax expense	(114,888)	(978,902)	-	353,943	(739,847)
Income tax expense					-
Loss after income tax expense					(739,847)
Assets					
Segment assets	3,203,643	2,140,107	-	6,830,811	12,174,561
Total assets					12,174,561
Liabilities					
Segment liabilities	2,096,672	241,957	-	527,444	2,866,073
Total liabilities					2,866,073
Group - 2022					
Revenue					
Sales to external customers	5,101,699	-	269,627	-	5,371,326
Interest income	44,956	-	10,153	-	55,109
Total revenue	5,146,655	-	279,780	-	5,426,435
Adjusted EBITDA	(253,199)	-	(1,107,901)	-	(1,361,100)
Depreciation and amortisation	(515,807)	-	(139,805)	-	(655,612)
Impairment of assets	(362,910)	-	(663,405)	-	(1,026,315)
Interest income	44,956	-	10,153	-	55,109
Finance costs	(182,801)	-	-	-	(182,801)
Loss before income tax expense	(1,269,761)	-	(1,900,958)	-	(3,170,719)
Income tax expense					-
Loss after income tax expense					(3,170,719)
Assets					
Segment assets	6,277,516	-	1,075,052	-	7,352,568
Total assets					7,352,568
Liabilities					
Segment liabilities	2,624,829	-	26,409	-	2,651,238
Total liabilities					2,651,238

Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australasia	31,154	9,220	1,060,385	997,193
Europe	2,996,604	5,004,812	4,401,493	2,551,225
Latin America	211,653	196,485	-	-
Other	783,766	160,809	-	-
	<u>4,023,177</u>	<u>5,371,326</u>	<u>5,461,878</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 5. Revenue

Disaggregation of revenue

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

	Subscription	Telking Head	Crowd Direct	Total
	\$	\$	\$	\$
Group - 2023				
<i>Major product lines</i>				
Entertainment and content	3,410,629	-	-	3,410,629
Software licensing	-	612,548	-	612,548
	<u>3,410,629</u>	<u>612,548</u>	<u>-</u>	<u>4,023,177</u>
<i>Geographical regions</i>				
Australasia	31,154	-	-	31,154
Europe	2,955,118	41,486	-	2,996,604
Latin America	211,653	-	-	211,653
Other	212,704	571,062	-	783,766
	<u>3,410,629</u>	<u>612,548</u>	<u>-</u>	<u>4,023,177</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	<u>3,410,629</u>	<u>612,548</u>	<u>-</u>	<u>4,023,177</u>

Note 5. Revenue (continued)

Group - 2022	<i>Subscription</i> \$	<i>Talking</i> <i>Head</i> \$	<i>Crowd</i> <i>Direct</i> \$	<i>Total</i> \$
<i>Major product lines</i>				
Entertainment and content	5,101,699	-	-	5,101,699
Direct-to-consumer	-	-	269,627	269,627
	<u>5,101,699</u>	<u>-</u>	<u>269,627</u>	<u>5,371,326</u>
<i>Geographical regions</i>				
Australasia	9,220	-	-	9,220
Europe	4,735,185	-	269,627	5,004,812
Latin America	196,485	-	-	196,485
Other	160,809	-	-	160,809
	<u>5,101,699</u>	<u>-</u>	<u>269,627</u>	<u>5,371,326</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	<u>5,101,699</u>	<u>-</u>	<u>269,627</u>	<u>5,371,326</u>

Note 6. Expenses

	Group	
	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	41,552	96,263
Right-of-use assets	285,977	285,390
Total depreciation	<u>327,529</u>	<u>381,653</u>
<i>Amortisation</i>		
Intangibles	570,974	273,959
Total depreciation and amortisation	<u>898,503</u>	<u>655,612</u>
<i>Impairment of assets</i>		
Impairment of inventory	-	350,111
Impairment of loans receivable	-	347,422
Impairment of intangibles	9,042	328,782
Total impairment of assets	<u>9,042</u>	<u>1,026,315</u>
<i>Finance costs</i>		
Interest and finance charges paid	15,590	105,980
Interest and finance charges paid/payable on lease liabilities	60,853	76,821
Finance costs expensed	<u>76,443</u>	<u>182,801</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	-	15,491
<i>Share based payments expense</i>		
Employee benefits	164,541	91,625
Other	75,091	-
Total share based payments expense	<u>239,632</u>	<u>91,625</u>

Note 7. Income tax

	Group	
	2023	2022
	\$	\$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(739,847)	(3,170,719)
Tax at the statutory tax rate of 25%	(184,962)	(792,680)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	3	65
Impairment of assets	-	65,168
Share-based payments	59,908	22,906
Employee entitlement accruals	-	1,545
Tax losses not recognised as recoupable	19,982	520,308
	(105,069)	(182,688)
Differences in overseas tax rates	105,069	182,688
Income tax expense	<u>-</u>	<u>-</u>

Tax losses

The Australian entities of the Group has recognised a deferred tax asset of \$686,427 within the Australian tax group up to the amount deemed probable. The Australian entities have unused tax losses remaining of \$1.3 million, for which no deferred tax asset has been recognised in the statement of financial position.

In addition, the European entities of the group has unused tax losses of \$7.9 million for which no deferred tax asset has been recognised in the statement of financial position. These tax losses can only be utilised in the future if the company satisfies the relevant tax loss rules in the relevant jurisdictions and the company earns sufficient profit to absorb these losses.

Deferred tax

Deferred tax asset and liabilities comprises temporary differences attributable to:

	Group	
	2023	2022
	\$	\$
<i>Amounts recognised in profit or loss</i>		
Tax losses	686,427	-
Financial assets at fair value through profit or loss	(686,427)	-
Deferred tax	<u>-</u>	<u>-</u>
<i>Movements</i>		
Opening balance	-	-
Deferred tax asset (charged)/ credited to profit or loss	(686,427)	-
Deferred tax liability charged/ (credited) to profit or loss	686,427	-
Closing balance	<u>-</u>	<u>-</u>

Note 8. Cash and cash equivalents

	Group	
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	4,260,433	2,228,456
	<u>4,260,433</u>	<u>2,228,456</u>

Note 9. Trade and other receivables

	Group	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	719,528	875,949
Less: Allowance for expected credit losses	(414,206)	(288,016)
	<u>305,322</u>	<u>587,933</u>

Allowance for expected credit losses

The Group has recognised a loss of \$140,733 (30 June 2022: gain of \$90,480) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Group	Expected credit loss rate		Amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
	%	%	\$	\$	\$	\$
Not overdue	3%	4%	290,983	201,318	8,851	7,577
0 to 3 months overdue	6%	7%	20,819	362,667	1,154	24,639
3 to 6 months overdue	40%	46%	596	64,439	241	29,549
6 to 9 months overdue	73%	78%	11,130	89,126	8,170	69,493
Over 9 months overdue	100%	99%	396,000	158,399	395,790	156,758
			<u>719,528</u>	<u>875,949</u>	<u>414,206</u>	<u>288,016</u>

Note 10. Accrued income

	Group	
	2023	2022
	\$	\$
<i>Current assets</i>		
Accrued income	489,575	696,848
	<u>489,575</u>	<u>696,848</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	696,848	781,940
Additions	442,870	659,360
Cumulative catch-up adjustments	46,705	37,488
Transfer to trade receivables	(696,848)	(781,940)
	<u>489,575</u>	<u>696,848</u>
Closing balance	<u>489,575</u>	<u>696,848</u>

AASB 15 uses the term 'contract assets' and 'contract liabilities'. To maintain consistency in presentation with prior periods, the Group has retained the use of 'accrued income' and 'deferred revenue', respectively.

Note 11. Loans receivable

	Group	
	2023	2022
	\$	\$
<i>Current assets</i>		
Loan receivable	-	347,422
Less: impairment	-	(347,422)
	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	-
Loan to Reign	-	347,422
Impairment of asset	-	(347,422)
	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>

On 18 October 2021, the Company entered into a secured loan agreement with Reign (purchaser of the Mobile Q&A business), whereby the Group agreed to lend up to \$350,000 at 10.00% interest, maturing on 30 April 2022. The amount outstanding at 30 June 2022 was \$347,422. The loan has not been repaid by the due date and is unlikely to be repaid. Therefore an impairment of \$347,422 has been made.

Note 12. Convertible notes receivable

	Group	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Convertible notes receivable	-	243,777

The convertible note receivable from In the Room Global Ltd (formerly Forever Holdings Ltd) was recorded at the principal face amount of GBP£125,000 (circa AUD\$279,385) plus accrued interest. On 30 June 2023, the note was converted to 114,528 ordinary shares in In the Room Global Ltd at a conversion price of GBP£1.29.

Note 13. Other assets

	Group	
	2023	2022
	\$	\$
<i>Current assets</i>		
Prepayments	165,321	290,913

Note 14. Other financial assets

	Group	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Investment in Aflorithmic Labs Ltd	1,966,574	567,362
Investment in In the Room Global Ltd	1,872,557	88,063
Investment in UneeQ Ltd	493,761	477,601
	<u>4,332,892</u>	<u>1,133,026</u>

Reconciliation

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

Opening carrying amount	1,133,026	983,490
Additions	279,385	1,329,464
Revaluations	2,754,751	(1,147,878)
Exchange differences	165,730	(32,050)
Closing carrying amount	<u>4,332,892</u>	<u>1,133,026</u>

Aflorithmic Labs Ltd

Aflorithmic Labs Ltd is an artificial intelligence ('AI') company that has developed an application programming interface ('API') first Audio-as-a-Service platform to power the next generation of audio creation. On 27 January 2021, the Group announced that it would invest GBP£1 million in Aflorithmic Labs over three investment tranches. The first tranche of GBP£500,000 (circa AUD\$891,490) was completed in April 2021 with the issue of 8,451,740 Company shares at \$0.053 and the payment of GBP£250,000 in cash. The second and third tranches were completed in July 2021 and November 2021, respectively, with payments totaling GBP£500,000 in cash. An additional cash investment of GBP£31,000 was made in December 2021 to keep the Group's investment at 10% ownership.

Note 14. Other financial assets (continued)

In the Room Global Ltd (formerly Forever Holdings Ltd)

In the Room Global Ltd is a leading-edge voice-and-visual Interactive Digital Media company. Their technology can enable one-to-one digital encounters between an influencer and any follower who wants to converse with them 1:1. On 11 September 2020, the Group invested GBP£50,000 (circa AUD\$92,000) for 37,879 shares in In the Room. On 30 June 2023, the Group received a further 114,528 shares upon conversion of the GBP£125,000 convertible note receivable from In the Room. The shares were converted at a share price of GBP£1.29 and had a fair value share price of GBP£6.44 at 30 June 2023.

UneeQ Ltd

UneeQ Ltd is an artificial intelligence company creating digital humans. On 26 January 2022, the Group received 24,536 shares in UneeQ upon conversion of the US\$250,000 convertible note receivable from UneeQ. The shares were issued at a conversion price of US\$10.73, a discount of 20% to the fair value price at the time of conversion.

Note 15. Property, plant and equipment

	Group	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	974,703	874,594
Less: Accumulated depreciation	<u>(923,267)</u>	<u>(815,543)</u>
	<u>51,436</u>	<u>59,051</u>

Reconciliations

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

Group	<i>Plant and equipment</i> \$
Balance at 1 July 2021	151,753
Additions	6,561
Disposals	(74)
Exchange differences	(2,926)
Depreciation expense	<u>(96,263)</u>
Balance at 30 June 2022	59,051
Additions	31,464
Exchange differences	2,473
Depreciation expense	<u>(41,552)</u>
Balance at 30 June 2023	<u>51,436</u>

Note 16. Right-of-use assets

	Group	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	2,153,809	1,997,062
Less: Accumulated depreciation	<u>(1,203,390)</u>	<u>(836,858)</u>
	<u>950,419</u>	<u>1,160,204</u>

Note 16. Right-of-use assets (continued)

The Group leases land and buildings for its offices under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

Group	<i>Buildings - right-of-use</i> \$
Balance at 1 July 2021	1,498,401
Exchange differences	(52,807)
Depreciation expense	<u>(285,390)</u>
Balance at 30 June 2022	1,160,204
Exchange differences	76,192
Depreciation expense	<u>(285,977)</u>
Balance at 30 June 2023	<u><u>950,419</u></u>

For other lease disclosures, refer to:

- note 6 for depreciation on right-of-use assets and interest on lease liabilities;
- note 20 for lease liabilities at the reporting date;
- note 27 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 17. Intangibles

	Group	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Intellectual property - at cost	130,906	128,473
Less: Impairment	<u>(17,168)</u>	<u>(17,168)</u>
	113,738	111,305
Software - at cost	2,474,076	1,205,963
Less: Accumulated amortisation	<u>(999,329)</u>	<u>(387,364)</u>
	1,474,747	818,599
Website and other intangibles - at cost	86,890	67,621
Less: Accumulated amortisation	<u>(39,595)</u>	<u>(28,548)</u>
Less: Impairment	<u>(16,617)</u>	<u>(16,617)</u>
	30,678	22,456
	<u><u>1,619,163</u></u>	<u><u>952,360</u></u>

Note 17. Intangibles (continued)

Reconciliations

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

Group	<i>Intellectual property</i> \$	<i>Software</i> \$	<i>Website and other intangibles</i> \$	<i>Total</i> \$
Balance at 1 July 2021	128,670	350,439	27,911	507,020
Additions	-	736,479	26,519	762,998
Exchange differences	(197)	(4,338)	(5,379)	(9,914)
Impairment of assets	(17,168)	-	(16,617)	(33,785)
Amortisation expense	-	(263,981)	(9,978)	(273,959)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	111,305	818,599	22,456	952,360
Additions	1,971	1,188,428	19,975	1,210,374
Exchange differences	462	29,786	6,197	36,445
Impairment of assets	-	-	(9,042)	(9,042)
Amortisation expense	-	(562,066)	(8,908)	(570,974)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	<u>113,738</u>	<u>1,474,747</u>	<u>30,678</u>	<u>1,619,163</u>

Note 18. Trade and other payables

	Group	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	866,247	646,159
Accrued expenses and other payables	979,054	766,371
	<hr/>	<hr/>
	<u>1,845,301</u>	<u>1,412,530</u>

Refer to note 27 for further information on financial instruments.

Note 19. Deferred revenue

	Group	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Deferred revenue	6,499	-
	<hr/>	<hr/>
	<u>6,499</u>	<u>-</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	109,229
Payments received in advance	6,499	-
Transfer to revenue - other balances	-	(109,229)
	<hr/>	<hr/>
Closing balance	<u>6,499</u>	<u>-</u>

Note 19. Deferred revenue (continued)

AASB 15 uses the term 'contract assets' and 'contract liabilities'. To maintain consistency in presentation with prior periods, the Group has retained the use of 'accrued income' and 'deferred revenue', respectively.

Note 20. Lease liabilities

	Group	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>342,921</u>	<u>296,315</u>
<i>Non-current liabilities</i>		
Lease liability	<u>659,973</u>	<u>929,906</u>

Refer to note 27 for further information on financial instruments.

Note 21. Employee benefits

	Group	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Employee benefits	<u>11,379</u>	<u>12,487</u>

Note 22. Issued capital

	Group			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>890,838,115</u>	<u>719,839,031</u>	<u>47,824,834</u>	<u>42,685,549</u>

Note 22. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	620,030,414		40,052,021
Issue of shares on vesting of performance rights to employees (excluding directors)	13 August 2021	2,003,064	\$0.027	53,201
Issue of shares in lieu of interest	13 August 2021	200,765	\$0.025	4,959
Issue of shares on exercise of options	6 December 2021	11,070,044	\$0.030	332,101
Issue of shares on convertible note conversion	16 December 2021	20,833,333	\$0.020	416,667
Issue of shares in lieu of interest	16 December 2021	126,963	\$0.037	4,685
Issue of shares on exercise of options	7 January 2022	12,944,444	\$0.030	388,333
Issue of shares in lieu of 12 months consulting fees for European Marketing	31 January 2022	2,630,000	\$0.050	131,500
Issue of shares	3 June 2022	50,000,004	\$0.030	1,500,000
Deregistration and sale of subsidiaries				(1,680)
Less: share issue transaction costs				(196,238)
Balance	30 June 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
Issue of shares	20 February 2023	136,363,636	\$0.033	4,500,000
Issue of shares on exercise of options	3 March 2023	1,000,000	\$0.030	30,000
Issue of shares in lieu of consulting fees	5 April 2023	499,998	\$0.030	15,000
Issue of shares	5 April 2023	8,212,121	\$0.033	271,000
Less: share issue transaction costs				(397,252)
Balance	30 June 2023	<u>890,838,115</u>		<u>47,824,834</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 22. Issued capital (continued)

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group will pursue additional investments however in the short term the focus is to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 23. Reserves

	Group	
	2023	2022
	\$	\$
Foreign currency reserve	462,410	374,232
Share-based payments reserve	5,461,820	5,553,508
	<u>5,924,230</u>	<u>5,927,740</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 24. Accumulated losses

	Group	
	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(43,911,959)	(40,987,220)
Loss after income tax expense for the year	(732,193)	(3,170,719)
Cancellation of share capital of subsidiaries on deregistration of entities	-	(1,680)
Transfer from foreign currency reserve	-	(1,014)
Transfer from share-based payments reserve	211,230	-
Transfer from options reserve	-	248,674
Accumulated losses at the end of the financial year	<u>(44,432,922)</u>	<u>(43,911,959)</u>

Note 25. Non-controlling interest

	Group	
	2023	2022
	\$	\$
Accumulated losses	<u>(7,654)</u>	<u>-</u>

The non-controlling interest has a 10% (30 June 2022: nil) equity holding in Unith Research Labs B.V.

Note 26. Dividends

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

Note 27. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Due to our smaller size and less complex business and including the natural revenue and expense cash flow hedges in the Australian and European operations, whilst we maintain an active dialogue with foreign exchange providers, as yet the Group, to date, has not required the use of derivative financial instruments such as forward foreign exchange contracts to hedge risk. This may change in the future as our operations and related treasury needs develop. The Group uses different methods to measure different types of risk to which it is exposed. These methods may include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, as well as ageing analysis for credit risk.

Risk management is carried out between the CEO and key management personnel under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The CEO and CFO identify, evaluate and hedge financial risks within the Group's operating units (where appropriate) and report to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2023	2022	2023	2022
Australian dollars				
United Kingdom Sterling	0.5593	0.5454	0.5242	0.5678
European Union Euros	0.6421	0.6434	0.6104	0.6583
United States Dollars	0.6732	0.7255	0.6664	0.6915
Hungarian Forint	-	235.6499	-	261.0285

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Group	Assets		Liabilities	
	2023 \$	2022 \$	2023 \$	2022 \$
Australian Dollar	3,432,803	2,095,155	486,831	236,828
Euros	1,547,276	1,280,536	1,893,979	2,171,145
Pound Sterling	12,391	4,781	10,951	391
United States Dollar	371,065	309,044	444,056	301,816
Mexican Peso	-	2,798	-	-
Turkish Lira	9,446	11,039	-	-
South African Rand	194	24,139	-	3,116
Other	96,362	73,760	30,256	43,594
	<u>5,469,537</u>	<u>3,801,252</u>	<u>2,866,073</u>	<u>2,756,890</u>

Note 27. Financial instruments (continued)

Sensitivity analysis

Group - 2023	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
United Kingdom Sterling	5%	164	164	5%	(164)	(164)
European Union Euros	5%	18,300	18,300	5%	(18,300)	(18,300)
United States Dollars	5%	5,747	5,474	5%	(5,474)	(5,474)
Other currencies	5%	(9,170)	(9,170)	5%	9,170	9,170
		<u>15,041</u>	<u>14,768</u>		<u>(14,768)</u>	<u>(14,768)</u>

Group - 2022	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
United Kingdom Sterling	5%	14,482	14,482	5%	(14,482)	(14,482)
European Union Euros	5%	196	196	5%	(196)	(196)
Other currencies	5%	11,590	11,590	5%	(11,590)	(11,590)
		<u>26,268</u>	<u>26,268</u>		<u>(26,268)</u>	<u>(26,268)</u>

The analysis above has been carried out on Management's estimate of what is reasonably possible for changes in exchange rates (i.e. 5%) for the financial year.

Price risk

The Group holds investments in unlisted entities, subject to valuations influenced by current market prices. Price risk emerges from uncertain future market prices, driving fluctuations in fair value and possible gains or losses. This dynamic is accentuated in unlisted investments, especially in the technology sector due to the sector's rapid advancement and dynamic market changes, resulting in notable shifts in value and associated gains or losses. The following sensitivity analysis of the Groups exposure to price risk as an increase or decrease of 5% would result in an impact to the profit or loss of \$207,025 / (\$207,025) and equity of \$207,025 / (\$207,025).

Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The policy is to maintain borrowings at fixed rates and to monitor fair value interest rate risk in Australia and Europe to ensure borrowings remain competitively priced. If deemed necessary, the Group may seek to utilise interest rate swaps or re-financing to achieve this when necessary.

The Group had no borrowings so has no significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk relates to the carrying value of the financial instruments in the statement of financial position, which amount to \$4,565,755 (30 June 2022: \$3,060,166). To date, the significant portion of credit risk relates to the telecommunications aggregator companies from which the Group receives its cash flows after 7 to 180 days post month end. The Group tries to ensure that it transacts with the largest aggregator companies available in the various countries in which it conducts business and makes regular industry reference checks and sets credit limits to mitigate credit risk. If a risk concentration is deemed too great in a particular country then the Group seeks to utilise multiple aggregators.

Note 27. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group has no significant credit risk at 30 June 2023 or 30 June 2022.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group - 2023	<i>Weighted average interest rate</i> %	<i>1 year or less</i> \$	<i>Between 1 and 2 years</i> \$	<i>Between 2 and 5 years</i> \$	<i>Over 5 years</i> \$	<i>Remaining contractual maturities</i> \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	866,247	-	-	-	866,247
Accrued expenses and other payables	-	979,054	-	-	-	979,054
<i>Interest-bearing - variable</i>						
Lease liability	-	342,925	367,650	292,319	-	1,002,894
Total non-derivatives		2,188,226	367,650	292,319	-	2,848,195

Group - 2022	<i>Weighted average interest rate</i> %	<i>1 year or less</i> \$	<i>Between 1 and 2 years</i> \$	<i>Between 2 and 5 years</i> \$	<i>Over 5 years</i> \$	<i>Remaining contractual maturities</i> \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	646,159	-	-	-	646,159
Accrued expenses and other payables	-	766,371	-	-	-	766,371
<i>Interest-bearing - variable</i>						
Lease liability	-	296,315	317,964	611,939	-	1,226,218
Total non-derivatives		1,708,845	317,964	611,939	-	2,638,748

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. 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

Group - 2023	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Assets</i>				
Other financial assets	-	-	4,332,892	4,332,892
Convertible notes receivable	-	-	-	-
Total assets	-	-	4,332,892	4,332,892
Group - 2022	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Assets</i>				
Other financial assets	-	-	1,133,026	1,133,026
Convertible notes receivable	-	-	243,777	243,777
Total assets	-	-	1,376,803	1,376,803

There were no transfers between levels during the financial 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%.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments and investments in convertible notes have first been valued with reference to recent equity transactions. In the absence of reliable and recent equity transactions, investments have been valued using a "market approach". Under this valuation technique, the Group has used market multiples derived from a set of comparable transactions, considering qualitative and quantitative factors specific to the measurement.

Note 28. Fair value measurement (continued)

Level 3 assets and liabilities

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

	Other financial assets			Convertible notes receivable	Convertible notes payable	Total	
	<i>Aflorithmic Labs Ltd</i>	<i>In the Room Global Ltd*</i>	<i>UneeQ Ltd</i>	<i>In the Room UneeQ Ltd</i>	<i>European Investments Consortium</i>		
	\$	\$	\$	\$	\$		
Balance at 1 July 2021	891,490	92,000	-	344,638	235,550	(624,743)	938,935
Additions	974,906	-	354,558	21,104	18,327	-	1,368,895
Repayments	-	-	-	-	-	233,333	233,333
Conversions	-	-	-	(354,558)	-	-	(354,558)
Fair value adjustments	(1,239,055)	-	91,177	-	-	391,410	(756,468)
Exchange differences	(59,979)	(3,937)	31,866	(11,184)	(10,100)	-	(53,334)
Balance at 30 June 2022	567,362	88,063	477,601	-	243,777	-	1,376,803
Additions	-	279,385	-	-	18,744	-	298,129
Conversions	-	-	-	-	(279,385)	-	(279,385)
Fair value adjustments	1,259,013	1,495,738	-	-	-	-	2,754,751
Exchange differences	140,199	9,371	16,160	-	16,864	-	182,594
Balance at 30 June 2023	1,966,574	1,872,557	493,761	-	-	-	4,332,892

* Formerly Forever Holdings Ltd

Note 29. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Group	
	2023 \$	2022 \$
Short-term employee benefits	841,899	810,524
Share-based payments	94,800	55,432
	936,699	865,956

Detailed remuneration disclosures can be found in the remuneration report and equity interests in the directors' report.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Group	
	2023	2022
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	97,500	90,000

Note 31. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 32. Commitments

There were no capital commitments as at 30 June 2023 and 30 June 2022.

Note 33. Related party transactions

Parent entity

Unith Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Group	
	2023	2022
	\$	\$
<i>Other expense/(receipt) transactions:</i>		
Domet B.V. (a vendor of Former Director D. Carosa) paid Unith Ltd for office and parking space rented, at cost, which was partially offset by payments made to Domet for virtual PA services and mobile phone reimbursement, at cost.	2,034	(8,091)
Global Internet Ventures Pty Ltd (Former Director D. Carosa is a 14% shareholder) paid Unith Ltd for office space rented, at cost.	-	(18,947)
HIVELLO.COM LTD (Former Director D. Carosa is a Director and CEO) paid Track Concepts for office space rented, at cost.	(18,456)	(2,915)
Lab Brands Ltd (Former Director S. Schapera is a Director and CEO) supplied products and services to Unith Ltd relating to the selling of London Labs products in the Direct-to-Consumer division.	-	2,251
Invincible Brands Lifestyle Services GmbH (Former Director S. Schapera is a Non-Executive Director) paid Unith Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by Unith.	-	30,307

Note 33. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Group	
	2023	2022
	\$	\$
<i>Current payables:</i>		
Lab Brands Ltd (Former Director S. Schapera is a Director and CEO) supplied products and services to Unith Ltd relating to the selling of London Labs products in the Direct-to-Consumer division	-	589
Invincible Brands Lifestyle Services GmbH (Director S. Schapera is a Non-Executive Director) paid Unith Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by the Group.	-	2,086

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Profit/(loss) after income tax	1,001,364	(2,999,770)
Total comprehensive income	1,001,364	(2,999,770)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	2,902,226	2,109,636
Total assets	6,828,186	3,105,438
Total current liabilities	511,947	189,468
Total liabilities	511,947	189,468
Equity		
Issued capital	47,824,834	42,685,549
Foreign currency reserve	614,389	-
Share-based payments reserve	5,461,820	5,809,237
Accumulated losses	(47,584,804)	(45,578,816)
Total equity	6,316,239	2,915,970

Note 34. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Bongo IP Pty Ltd *	Australia	100%	100%
Digital Global Marketing Pty Ltd	Australia	100%	100%
Crowd Mobile Co-Operatief U.A. * **	The Netherlands	100%	100%
Crowd Mobile QA Services B.V.	The Netherlands	100%	100%
Track Holdings B.V.	The Netherlands	100%	100%
Track Online B.V.	The Netherlands	100%	100%
Track Concepts B.V.	The Netherlands	100%	100%
Be Tracked Media B.V.	The Netherlands	100%	100%
Vivazz Mobile B.V.	The Netherlands	100%	100%
Track Mobile B.V.	The Netherlands	100%	100%
Immediato B.V.	The Netherlands	100%	100%
Mobilizo B.V.	The Netherlands	100%	100%
Yulara B.V.	The Netherlands	100%	100%
Crowd Mobile IP B.V.	The Netherlands	100%	100%
Crowd Media B.V.	The Netherlands	100%	100%
Inala QA B.V.	The Netherlands	100%	100%
Unith Research Labs SLU **	Spain	100%	-

* Bongo IP Pty Ltd owns 1% of Crowd Mobile Co-Operatief U.A.

** Crowd Mobile Co-Operatief U.A. owns 100% of Unith Research Labs SLU

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Parent Ownership interest		Non-controlling interest Ownership interest	
		2023 %	2022 %	2023 %	2022 %
Unith Research Labs B.V.	The Netherlands	90%	-	10%	-

Note 36. Cash flow information

Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Group	
	2023	2022
	\$	\$
Loss after income tax expense for the year	(739,847)	(3,170,719)
Adjustments for:		
Depreciation and amortisation	898,503	655,612
Impairment of assets	9,042	328,782
Impairment of loans receivable	-	347,422
Net loss on disposal of property, plant and equipment	-	74
Net fair value loss/(gain) on investments	(2,754,751)	1,147,878
Share-based payments	198,662	91,625
Non-cash issue of shares	36,997	131,500
Non-operating finance costs	71,539	4,695
Other	1,872	31,754
Change in operating assets and liabilities:		
Decrease in trade and other receivables	236,038	990,257
Decrease in accrued income	207,273	85,092
Decrease in inventories	-	412,566
Decrease/(increase) in prepayments	125,592	(107,182)
Decrease in other operating assets	-	42,782
Increase/(decrease) in trade and other payables	432,771	(829,357)
Increase/(decrease) in deferred revenue	6,499	(109,229)
Decrease in employee benefits	(1,108)	(30,676)
Decrease in other provisions	-	(11,072)
Net cash (used in)/from operating activities	<u>(1,270,918)</u>	<u>11,804</u>

Changes in liabilities arising from financing activities

Group	<i>Convertible notes payable - European Investment Consortium</i> \$	<i>Lease liabilities</i> \$	<i>Total</i> \$
Balance at 1 July 2021	624,743	1,563,932	2,188,675
Net cash used in financing activities	(233,333)	(342,406)	(575,739)
Conversions	(416,667)	-	(416,667)
Finance costs	-	4,695	4,695
Other changes	25,257	-	25,257
Balance at 30 June 2022	-	1,226,221	1,226,221
Net cash used in financing activities	-	(223,327)	(223,327)
Balance at 30 June 2023	<u>-</u>	<u>1,002,894</u>	<u>1,002,894</u>

Note 37. Earnings per share

	Group	
	2023 \$	2022 \$
Loss after income tax	(739,847)	(3,170,719)
Non-controlling interest	7,654	-
	<u>(732,193)</u>	<u>(3,170,719)</u>
Loss after income tax attributable to the owners of Unith Ltd		
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>791,467,075</u>	<u>650,695,400</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>791,467,075</u>	<u>650,695,400</u>
	Cents	Cents
Basic earnings per share	(0.09)	(0.49)
Diluted earnings per share	(0.09)	(0.49)

Options and performance rights have been excluded from the above calculation in the current and previous year as their inclusion would be anti-dilutive.

Note 38. Share-based payments

Options

Executive Share Options Plan ('ESOP')

The ESOP established by the Group granted 12,422,223 options over ordinary shares in the Company to certain employees of the Group. The options were granted in accordance with performance guidelines established by the Board.

Advisor Options

On 18 October 2022, the Company announced that 2,250,000 options were granted to third parties in lieu of fees for corporate advisory services and on 21 July 2023, the Company announced that 8,000,000 options were granted for settlement of capital raising fees.

Set out below are summaries of options granted:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the 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
10/02/2023	01/03/2024	\$0.035	-	462,222	-	-	462,222
10/02/2023	01/03/2025	\$0.040	-	3,726,667	-	-	3,726,667
10/02/2023	01/03/2026	\$0.050	-	3,726,667	-	-	3,726,667
10/02/2023	01/03/2027	\$0.060	-	4,506,667	-	-	4,506,667
30/06/2023	25/07/2024	\$0.060	-	8,000,000	-	-	8,000,000
			<u>33,952,000</u>	<u>22,672,223</u>	<u>(900,000)</u>	<u>(20,800,000)</u>	<u>34,924,223</u>

Note 38. Share-based payments (continued)

2022

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
02/04/2019	02/04/2022	\$0.050	2,000,000	-	-	(2,000,000)	-
06/12/2019	06/12/2021	\$0.030	8,514,488	-	(8,514,488)	-	-
06/12/2019	06/12/2021	\$0.050	2,000,000	-	-	(2,000,000)	-
06/12/2019	06/12/2021	\$0.100	5,000,000	-	-	(5,000,000)	-
13/12/2019	13/12/2022	\$0.030	10,000,000	-	-	-	10,000,000
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
			<u>51,466,488</u>	<u>-</u>	<u>(8,514,488)</u>	<u>(9,000,000)</u>	<u>33,952,000</u>

Performance rights

On 10 December 2021, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees and Directors may be granted performance rights ('PRs') which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

On 5 November 2020, the Company agreed to issue Performance Rights to employees. The three-year PRs are based on retention targets for key management personnel, excluding directors, and the maximum number of shares that can be issued on conversion is 4,500,000.

On 20 September 2021, the Company issued 3,000,000 performance rights to the CEO which vest over 3 years (year 1: 20% vest (600,000), year 2: 30% vest (900,000) and year 3: 50% vest (1,500,000)). 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 agreed to issue 6,250,000 PRs to employees, excluding the directors and CEO, which vest over 3 years on similar terms to those issued on 20 September 2021. 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 issued 1,000,000 PR's to a consultant that vest quarterly and expire 30 August 2023.

For employees that met the vesting conditions of performance rights that vested on 30 June 2023, the shares were issued in July 2023.

Set out below are summaries of performance rights granted:

2023

<i>Grant date</i>	<i>Expiry date</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
18/12/2019	30/06/2022	3,937,500	-	(2,411,868)	(1,525,632)	-
05/11/2020	30/06/2022	900,000	-	(428,130)	(471,870)	-
05/11/2020	30/06/2023	2,250,000	-	-	-	2,250,000
20/09/2021	20/09/2022	600,000	-	(600,000)	-	-
20/09/2021	20/09/2023	900,000	-	-	-	900,000
20/09/2021	20/09/2024	1,500,000	-	-	-	1,500,000
18/10/2022	30/06/2023	-	1,350,000	-	-	1,350,000
18/10/2022	30/06/2024	-	2,025,000	-	-	2,025,000
18/10/2022	30/06/2025	-	3,375,000	-	-	3,375,000
18/10/2022	30/08/2023	-	1,000,000	-	-	1,000,000
		<u>10,087,500</u>	<u>7,750,000</u>	<u>(3,439,998)</u>	<u>(1,997,502)</u>	<u>12,400,000</u>

Note 38. Share-based payments (continued)

2022

<i>Grant date</i>	<i>Expiry date</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
18/12/2019	30/06/2021	3,300,000	-	(3,300,000)	-	-
18/12/2019	30/06/2022	5,500,000	-	-	(1,562,500)	3,937,500
05/11/2020	30/06/2021	900,000	-	(900,000)	-	-
05/11/2020	30/06/2022	1,350,000	-	-	(450,000)	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
		<u>13,300,000</u>	<u>3,000,000</u>	<u>(4,200,000)</u>	<u>(2,012,500)</u>	<u>10,087,500</u>

Valuation model inputs

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Exercise price</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
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
10/02/2023	01/03/2024	\$0.035	\$0.035	100.00%	-	3.55%	\$0.0138
10/02/2023	01/03/2025	\$0.035	\$0.040	100.00%	-	3.55%	\$0.0177
10/02/2023	01/03/2026	\$0.035	\$0.050	100.00%	-	3.55%	\$0.0197
10/02/2023	01/03/2027	\$0.035	\$0.060	100.00%	-	3.55%	\$0.0216
30/06/2023	25/07/2024	\$0.028	\$0.060	100.00%	-	3.55%	\$0.0051

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
18/10/2022	30/06/2023	\$0.024	-	-	-	\$0.0024
18/10/2022	30/06/2024	\$0.024	-	-	-	\$0.0024
18/10/2022	30/06/2025	\$0.024	-	-	-	\$0.0024
18/10/2022	30/08/2023	\$0.023	-	-	-	\$0.0023

The total valuation for the performance rights granted during the current financial year is \$173,000. The expense for the year was \$101,308.

Note 39. Events after the reporting period

On 21 July 2023, the Company issued 1,376,035 fully paid ordinary shares to employees upon the vesting of performance rights. The Company also issued 12,422,223 unlisted options to employees. The Company also announced that 7,000,000 fully paid ordinary shares and 8,000,000 listed options were issued for settlement of capital raising costs.

On 26 July 2023, the Company announced the appointment of Justin Baird as Non-Executive Director. Justin, Fellow of the Royal Society of the Arts ('FRSA'), brings over twenty years of management and high-tech experience in areas ranging from research and development, analogue and digital engineering, embedded systems development, hardware and software product management, high speed digital networks, large scale multimedia processing systems, mobile and web application deployment, android and iOS mobile applications, agile team management, and social media technologies.

On 27 July 2023, the Company announced that it issued 500,000 fully paid ordinary shares to a contractor as part of remuneration.

Note 39. Events after the reporting period (continued)

On 22 August 2023, the Company announced that it won a public tender to deliver an artificial intelligence solution for the Alliance of Public Health that will see Unith's digital humans deployed across 14 countries. The digital workers will be deployed by June 2024 through Unith's AI platform and integrated into existing social services, reducing burden on the public healthcare system. The one-year contract, with an option for a five-year extension, was awarded to Unith via a public tender process and is valued at USD\$111,000 (approximately AUD\$164,000).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors

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

Sytze Voulon
Non-Executive Chairman

31 August 2023
Perth

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT To the Members of Unith Ltd

Opinion

We have audited the financial report of Unith Ltd, formerly Crowd Media Holdings Limited, ('the Company') and its controlled entities (together referred as 'the Group'), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
<p>Going Concern assumption Refer to Note 2 in the financial statements</p>	
<p>The Group incurred a loss amounting to \$739,847 and had net cash outflows from operating activities of \$1.3 million for the financial year ended 30 June 2023. After reviewing the cash flow forecast for the forthcoming period until 31 August 2024, the Directors have concluded that there are reasonable grounds to believe that the Group will continue as a going concern, and therefore it is appropriate to adopt the going concern basis in the preparation of the financial report.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cashflow budget, and the potential material impact of the results of management's assessment.</p>	<p>Our key audit procedures included, among others:</p> <ul style="list-style-type: none"> • Reviewing the current financial position of the Group; • Critically assessing the directors' reasons as to why they believe it is appropriate to prepare the financial report on a going concern basis. This included reviewing managements' forecast for for a period of twelve months from the date of signing the financial statements; • Challenging the reasonableness of key assumptions used, including the likelihood of successful raising capital in the future; • Understanding the forecast expenditure committed and what could be considered discretionary; • Performing sensitivity testing on the assumptions used in the cash flow forecast; and • Assessing the adequacy of the going concern disclosures in the financial report.
<p>Recognition of Revenue Refer to Note 5 in the financial statements</p>	
<p>The Group's revenue relates to the sale of information and entertainment content services for mobile phones and tablets.</p> <p>Revenue is considered to be a Key Audit Matter because:</p> <ul style="list-style-type: none"> - Total revenue for the year ended 30 June 2023 was \$4 million, which is material to the financial statements; and - there is an increased inherent risk due to the various revenue streams earned by the Group and management's judgment involved in determining the recognition of accrued revenue at year-end. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing whether the Group's revenue recognition policies were in compliance with <i>AASB 15 Revenue from Contracts with Customers</i>; • Obtaining a detailed understanding of the processes and internal controls associated with the capture and recording of revenue; • In relation to revenue from subscription, conducting substantive analytical procedures. This analytical review involved setting expectations of revenue by using numbers of subscribers in the past and current period and approved pricing, and ensuring revenue recognised was within an acceptable margin; • Performing cut-off testing over transactions recorded either side of the period end, to corroborate that revenues were recorded in the appropriate period;

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue (continued)	
Refer to Note 5 in the financial statements	
	<ul style="list-style-type: none"> • On a sample basis, vouching to supporting contracts and third-party reports and agreeing the receipt of cash to bank statements; • Comparing accrued revenue to subsequent third-party reports and funds received; and • Assessing the appropriateness of the disclosures in the financial report.
Fair Value of Other financial assets	
Refer to Note 14 in the financial statements	
<p>As at 30 June 2023, the Group carrying value of the investment in equity instruments in unlisted entities amounting to \$4.3 million (36% of total assets). The carrying value of these investments represents the determined fair value under AASB 9 <i>Financial Instruments</i>.</p> <p>The valuations of these investments are dependent on assumptions which require significant management judgment.</p> <p>We considered this a key audit matter given the significance of the balance to the Group's Consolidated statement of financial position and the significant judgment required in estimating the fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Confirming the investment holding to supporting documentation, including relevant agreements between investor and investee. • Reviewing the investment arrangements to evaluate its terms and whether resulting accounting treatment is in compliance with the Australian Accounting Standards; • Assessing management's basis for fair value increases / decreases to its investments, including review of any recent capital raises undertaken by the investee, and the financial performance and financial position of the investees; and • Assessing the adequacy and completeness of disclosures in relation to the fair value.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
<i>Intangible Asset Capitalisation</i> Refer to Note 17 in the financial statements	
<p>As at 30 June 2023, the Group had capitalised \$1.2 million of development costs in relation to the development of Software technology.</p> <p>They are considered to be a Key Audit Matter due to the judgements required in determining whether these costs are capital in nature, the timing from which they should be capitalised, and the timing from when they should be amortised, as well as significant judgments about the probability of future economic benefits, and the accuracy of inputs such as wage rates and overhead calculations.</p> <p>In addition, consideration needs to be given as to whether there is any impairment risk over these assets.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the nature of the Group's development activities, and critically reviewing management's assessment that they meet the criteria for recognition as an intangible asset set out in AASB 138 <i>Intangible Assets</i>; • Obtaining the calculations and supporting workings used to quantify the capitalised software development costs, and performing tests of detail on a sample basis to obtain assurance that the costs incurred were directly attributable to the intangible assets, and therefore eligible for capitalisation; • In respect of costs capitalised during the year: challenging management on the basis for capitalisation and expected future benefits, and substantiating capitalised wages and salaries to payroll records for employees in the development team; • Considering management's assessment as to whether any impairment indicators exist and evaluating this assessment having due consideration of the evidence supplied and any other information gathered as part of the audit process; and • Evaluating the appropriateness of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Unith Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 31 August 2023
Melbourne, Victoria

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 7 August 2023 ('Reporting Date').

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations ('Corporate Governance Statement').

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Unith Ltd's website, https://investor.unith.ai/corporate_governance.html#investor (Website), and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by Unith Ltd and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Unith Ltd's Website.

Substantial shareholders

There are no substantial holders as at the date of this report.

Distribution of equity securities

As at the Reporting Date, the number of holders in each class of equity securities:

	Number of holders No.
Fully paid ordinary shares	899,714,167
Options exercisable at \$0.06 each on or before 25 July 2024	270,113,649
Options exercisable at \$0.03 each on or before 30 September 2023	7,500,000
Options exercisable at \$0.03 each on or before 31 December 2023	37,085,333
Options exercisable at \$0.035 each on or before 1 March 2024	462,222
Options exercisable at \$0.04 each on or before 1 March 2025	3,726,667
Options exercisable at \$0.05 each on or before 6 June 2025	1,500,000
Options exercisable at \$0.05 each on or before 1 March 2026	3,726,667
Options exercisable at \$0.06 each on or before 1 March 2027	4,506,667
Performance rights	18,750,000

Distribution of ordinary shareholders

	Holders No.	Total units No.	Percentage of total shares %
Holdings ranges:			
1 to 1,000	99	7,741	-
1,001 to 5,000	59	193,083	0.02
5,001 to 10,000	212	1,904,746	0.21
10,001 to 100,000	1,409	59,268,035	6.59
100,001 and over	847	838,340,549	93.18
	<u>2,626</u>	<u>899,714,154</u>	<u>100.00</u>

Distribution of option holders

	Holders No.	Total options No.	Percentage of total options %
Holdings ranges:			
1 to 1,000	2	2	-
1,001 to 5,000	1	3,537	-
5,001 to 10,000	1	7,000	-
10,001 to 100,000	31	2,343,883	0.87
100,001 and over	187	267,759,244	99.13
	<u>222</u>	<u>270,113,666</u>	<u>100.00</u>

Less than marketable parcels of ordinary shares ('UMP Shares')

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

Total shares No.	UMP shares No.	UMP holders No.	Percentage of issued shares held by UMP holders %
899,714,154	5,915,109	641	0.66%

Quoted securities

Twenty largest quoted equity security holders

The Company has two classes of quoted securities, being ordinary shares and options.

Ordinary Shares

The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary shares	% of total
	Number held	shares
		issued
ASLAN EQUITIES PTY LTD (ASLAN EQUITIES A/C)	36,492,770	4.06
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE (THE MANDY SUPER FUND A/C)	31,909,091	3.55
BNP PARIBAS NOMS PTY LTD (DRP)	29,627,621	3.29
818 CORPORATE PTY LTD (818 A/C)	26,384,942	2.93
MAESTRO CAPITAL PTY LTD (MAESTRO CAPITAL SUPER A/C)	20,364,786	2.26
D S A H HOLDINGS PTY LTD	18,484,045	2.05
CAROSA CORPORATION BV	17,565,431	1.95
MR NICOLA LUCANO	14,600,000	1.62
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	11,804,509	1.31
10 BOLIVIANOS PTY LTD	9,500,000	1.06
MR RENE RATH	8,792,570	0.98
MR HENDRIKUS ANTONIUS JOHANNES KUSTERS	8,792,570	0.98
MR CZESLAW CZAPLA & MR ZDZISLAW CZAPLA	8,450,000	0.94
CITICORP NOMINEES PTY LIMITED	8,349,430	0.93
MRS JULIET CAMPBELL	7,729,000	0.86
MR ROBERT GEMELLI	7,678,467	0.85
MR NOEL RUSSELL CAMERON & DR BELINDA CAROLINE GOAD (NOEL CAMERON SUPER FUND A/C)	7,507,843	0.83
MR CHRISTIAN MATTHEW MYERS	7,500,000	0.83
MARK STEVEN KANE	7,000,000	0.78
MR SCOTT JUNGWIRTH	6,800,000	0.76
	<u>295,333,075</u>	<u>32.82</u>

Listed options

The names of the 20 largest holders of listed options, and the number of listed options and percentage held by each holder is as follows:

	Options over ordinary shares	% of total options issued
	Number held	
MS CHUNYAN NIU	38,986,875	14.43
123 HOME LOANS PTY LTD	18,485,147	6.84
MR ANTHONY JAMES BAKER	10,000,000	3.70
MRS AMANDEEP KAUR	7,198,859	2.67
HALIFAX LIMITED	7,050,000	2.61
MR YING WAH YOONG & MRS MAY AH TIEW YOONG	6,818,181	2.52
CONRAD JOSEPH LAWRENCE GOODGER	6,546,667	2.42
MR THOMAS DALE MATHERS	6,000,000	2.22
MR RODNEY PATRICK CALLAHAN	5,299,854	1.96
SUBURBAN HOLDINGS PTY LTD (THE SUBURBAN SUPER FUND A/C)	5,000,000	1.85
CM8 PTY LTD	4,330,304	1.60
MR JOSHUA PAUL MELIS	3,667,669	1.36
MR JEFFREY PHILIP TUALLY	3,585,000	1.33
LEHAV PTY LTD (THE VHL FAMILY A/C)	3,503,619	1.30
JAZ FUTURE FUND PTY LTD (ARR SUPERANNUATION FUND A/C)	3,500,000	1.30
ZERO NOMINEES PTY LTD	3,333,333	1.23
NEAVERSON SUPER FUND PTY LIMITED (NEAVERSON SUPER FUND A/C)	3,300,000	1.22
MOUNT STREET INVESTMENTS PTY LTD (THE M J BLAKE S/F A/C)	3,000,000	1.11
MR SCOTT MISON (THE SCOTT MISON FAMILY A/C)	3,000,000	1.11
MR MARSHALL CONSTANTINO COUTINHO	3,000,000	1.11
	<u>145,605,508</u>	<u>53.89</u>

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

Class of equity securities	Number of unquoted equity securities	Number of holders
Options exercisable at \$0.03 each on or before 31 December 2023	37,085,333	10
Options exercisable at \$0.03 each on or before 30 September 2023	7,500,000	1
Options exercisable at \$0.035 each on or before 1 March 2024	462,222	3
Options exercisable at \$0.04 each on or before 1 March 2025	3,726,667	11
Options exercisable at \$0.05 each on or before 1 March 2026	3,726,667	11
Options exercisable at \$0.05 each on or before 6 June 2025	1,500,000	1
Options exercisable at \$0.06 each on or before 1 March 2027	4,506,667	11
Performance rights	18,750,000	28

Except as listed below, no persons hold 20% or more of the equity securities in any unquoted class that were not issued or acquired under an employee incentive scheme.

- Options exercisable at \$0.03 each on or before 30 September 2023: 7,500,000 are held by Perpetual Capital Investments Pty Ltd.
- Options exercisable at \$0.03 each on or before 31 December 2023: 7,500,000 are held by 818 Corporate Pty Ltd and 4,752,000 are held by Starland Management Pty Ltd.

Voting rights

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he holds.

Voluntary escrow

There are no shares on issue in the Company that are subject to voluntary escrow.

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange ('ASX') (ASX issuer code: UNT) and on the Frankfurt Stock Exchange (European stock code: CM3).

The Company's listed options are quoted on the ASX (ASX issuer code: UNTO).

Buybacks

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

The Company is not currently conducting an on-market buy-back.

Item 7 issues of securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.



We are humanising user interactions
With Visual Conversational A.I.



ÜNITH