

1. Company details

Name of entity: Crowd Media Holdings Limited
 ABN: 13 083 160 909
 Reporting period: For the year ended 30 June 2021
 Previous period: For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	33.0% to	11,058,027
Loss from ordinary activities after tax attributable to the owners of Crowd Media Holdings Limited	up	225.7% to	(6,235,508)
Loss for the year attributable to the owners of Crowd Media Holdings Limited	up	225.7% to	(6,235,508)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$6,235,508 (30 June 2020: \$1,914,560).

Refer to Directors Report for discussion of the results of operation for the year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.77	0.46
Calculated as follows:		
	Group	
	2021 \$	2020 \$
Net assets	5,251,448	2,581,775
Less: Intangibles	(507,020)	(825,158)
Net tangible assets	4,744,428	1,756,617
Total shares issued	620,030,418	384,016,015

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entities (or group of entities)	Bongo Operations Pty Ltd Global AQA Pty Ltd Buddy Operations Pty Ltd Crowd Mobile QA Operations B.V.
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Date control lost	1 May 2021
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\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(2,223,178)
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Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	(446,745)
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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

The Group has an interest in a joint venture that, at 30 June 2021, had not yet been fully incorporated. Once the entity is incorporated, information in relation to ASX 4.3A(11) will be provided in the financial report for the half-year ended 31 December 2021.

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 Crowd Media Holdings Limited for the year ended 30 June 2021 is attached.

12. Signed

As authorised by the Board of Directors



Signed _____

Date: 27 August 2021

Steven Schapera
Chairman
Melbourne

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CROWD MEDIA

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**Crowd Media
Holdings Limited**
(ASX:CM8 / FWB: CM3)

**Annual
Report '21**

For year ended 30 June 2021

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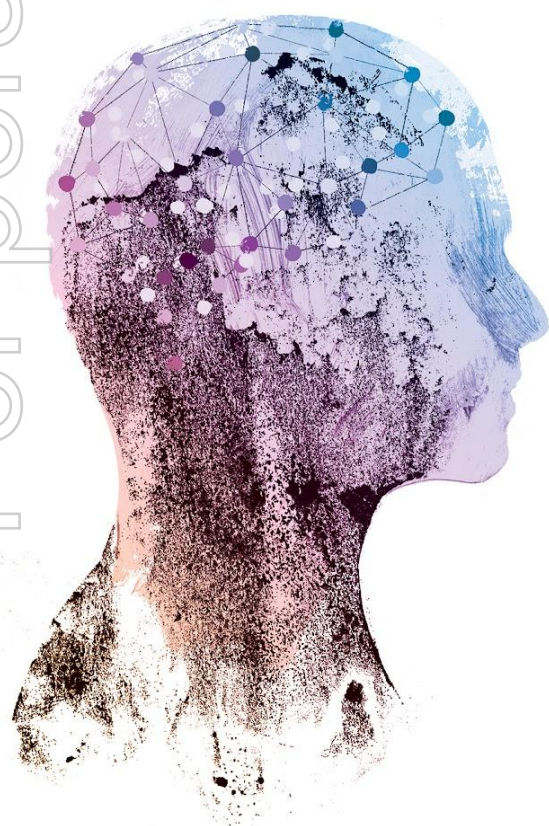


Crowd is in a strong position to compete: as at 30 June 2021 we had disposed of almost all legacy debt; had \$3.1 million of cash on hand; divested the loss-making Mobile Premium SMS business; and had assembled an outstanding execution team to drive our Talking Head vision to commercialisation.

Steven Schapera
Crowd Media Holdings Limited - Chairman

Pioneers of **Conversational Commerce**

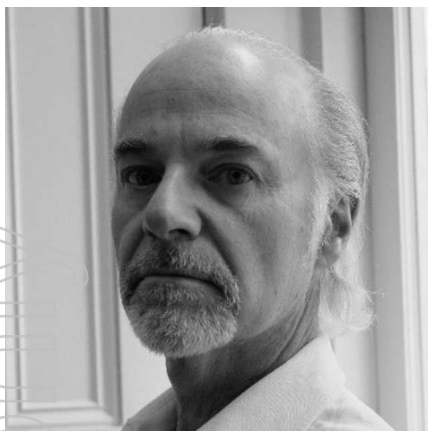
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The Board looks forward to welcoming Mr Idan Schmorak as the Company's Chief Executive Officer. Idan's military background has clearly characterised his lead-from-the-front management style, with a focus and discipline that is exemplary.

Steven Schapera
Crowd Media Holdings Limited - Chairman

Directors	Steven Schapera - Chairman Domenic Carosa Matthew Blake Scott Mison
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	95B Piet Heinkade 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	Crowd Media Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: CM8) Crowd Media Holdings Limited shares are also dual listed on the Frankfurt Stock Exchange (FWB code: CM3)
Website	www.crowdmedia.com
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://crowdmedia.listedcompany.com/corporate_governance.html</p>



“Crowd Media showed significant financial improvements in terms of liquidity and financial position compared to the previous year. Crowd raised \$6.9 million (net of transaction costs) in FY 2021 from share placements and option exercises. These proceeds were used to make key strategic investments in support of our Talking Head strategy, as well as to retire the onerous BillFront note payable in full. ”

Dear Shareholders,

I am pleased to present Crowd Media's 2021 Annual Report. Crowd is in a strong position to compete: as at 30 June 2021 we had disposed of almost all legacy debt; had \$3.1 million of cash on hand; divested the loss-making Mobile Premium SMS business; and had assembled an outstanding execution team to drive our Talking Head vision to commercialisation.

Since then, we have reached another significant milestone with the appointment of Mr Idan Schmorak as Chief Executive Officer of the Company effective 20 September 2021. Before joining Crowd, Idan served as the Director of Business Development at VFR Holdings, an Israeli-based start-up incubator and investment firm. In this position, he was tasked with driving growth in products and services, increasing sales revenue and leading the marketing function across a number of company-owned ventures, including leading the “Talking Head” team as part of VFR's joint venture with Crowd Media. The Board is delighted to welcome Mr Schmorak to lead Crowd Media in its next phase of growth as we drive our conversational commerce objectives to commercialisation.

In support of these objectives, and the repositioning of the company as a media tech player, the Board of Crowd Media sought to cement a number of strategic alliances. Today these comprise four investee partners: Forever Holdings (UK); our joint venture with VFR (Israel), Uneeq / Digital Humans (USA) and Aflorithmic (UK). Each of these serve to further advance our Talking Head strategy. Crowd has since released its beta version of the “Digital Dom - Talking Head”. This digital twin of Crowd's Director, Domenic Carosa, showcases Crowd's integration of our partner technologies (Aflorithmic for Dom's voice cloning, and VFR for the Digital Dom), and delivered great learnings for our conversational commerce platform. Today the plan is coming together nicely, and we can soon shift focus to the integration of Crowd's Q&A tech.

Financial Summary

For FY 2021, revenue was \$10.9 million, underlying EBITDA was (\$1.0 million), and operating cashflow was (\$1.2 million).

Crowd Media showed significant financial improvements in terms of liquidity and financial position compared to the previous year. Crowd raised \$6.9 million (net of transaction costs) in FY 2021 from share placements and option exercises. These proceeds were used to make key strategic investments in support of our Talking Head strategy, as well as to retire the onerous BillFront note payable in full. As at 30 June 2021, Crowd's net cash (cash less debt) was \$2.5 million, a substantial increase of \$4.2 million from 30 June 2020.

The net tangible asset backing for each Crowd share of 0.77 cents has improved by 67% versus prior year at 0.46 cents.

Underlying EBITDA Results

Crowd Media reported an underlying EBITDA result of (\$1.0 million) for FY 2021:

Net Profit / (Loss) after tax (NPAT)	(6,235,508)
Add back: income tax expense / (benefit)*	2,352,435
(non-cash)	
Add back: finance costs	461,043
Deduct: interest revenue	(18,131)
Add back: depreciation & amortisation	639,219
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(2,800,942)
Add back: impairment expenses (non-cash)	853,843
Add back: share-based payments expense	399,197
Add back: restructuring and financing costs	503,308
Effects of exchange rate changes	231
Underlying EBITDA	(1,044,363)

* Income tax expense reflects a non-cash write-off of deferred tax assets of \$2.7 million.

Q&A

All players, including Crowd Mobile, have witnessed a decline in the use of SMS as a paid-messaging platform. This trend has been accompanied by strengthening and material regulatory headwinds culminating in the Board deciding to divest its legacy and loss making Mobile Premium SMS business for a nominal amount effective 1 May 2021. Going forward, this will improve overall profitability of the company by allowing the Mobile division to focus solely on the profitable Subscription business. The underlying Q&A AI-driven technology platform remains the property of Crowd and the purchaser of the Q&A business has been provided with a non-exclusive license to use the platform for a monthly recurring fee.

Subscription

This division has also faced a number of regulatory headwinds, which we were able to mitigate with the launch of new products and markets. Revenue for FY 2021 of \$6.0 million was down 14% versus the prior year, however, the underlying EBITDA profit contribution was flat at \$2.0 million (FY 2020: \$2.1 million). The Company continues to optimize its cost base within the division in order to maximise profits and cashflow.

Crowd Direct Division

Revenue for the Crowd Direct division grew by 186% versus the prior year, however, the business has performed below our internal expectations as measured by return on marketing spend. We are seeing retail advertising dollars continue to move away from bricks and mortar to aggressive online deployment, coupled with deepening discounts. Taken together, this has driven customer acquisition costs up, and CM2 margins down, to the point where it is not sustainable for a number of our brands. Accordingly, we have restructured this business segment in a positive way, to focus on our best-performing brands: Kamu and KINN, which we see as having the strongest potential.

Fiscal Responsibility

Total current and non-current borrowings were reduced by \$2.9 million during the year. The Company fully repaid its securitized BillFront debt facility in November 2020, ahead of the scheduled maturity in April 2021, which saves the company at least \$0.2 million per year in financing costs. The Tranche 1 convertible notes matured on 28 June 2021; of these, 545 notes (\$1,000 each) were converted to shares and 460 notes were repaid in cash. As at 30 June 2021, total borrowings outstanding were \$0.6 million, this being Tranche 2 of the convertible notes, maturing in December 2021.

Crowd Media showed strong improvements in numerous financial metrics compared to the prior year: operating cash flows of (\$1.2 million) improved by \$0.6 million, or 35%; working capital improved by \$3.1 million from (\$0.3 million) to \$2.8 million; net assets increased by \$2.7 million from \$2.6 million to

\$5.3 million; and net cash (cash less debt) increased by \$4.2 million from (\$1.7 million) to \$2.5 million.

The Board continues to review cashflow, costs, debt finance strategy, and balance sheet strength on an ongoing and disciplined basis.

Board, Governance and Management

The Board is committed to ensuring Crowd's business is conducted in accordance with the highest standards of corporate governance and we work closely with our Auditors who assist us to navigate this process.

This, together with strong management and an experienced Board, creates a positive culture for shareholders, employees and customers.

Outlook

With the divestiture of the loss-making Mobile Premium SMS business, the Crowd Mobile division is able to now focus solely on the profitable Subscription business. Whilst the Mobile Subscription division is expected to deliver ongoing profits, and its cost base and performance are continually optimised to ensure this, the Company is not expecting any growth within this segment. Conversational commerce, on the other hand, is growing exponentially and our timing seems perfect.

The Board looks forward to welcoming Mr Idan Schmorak as the Company's Chief Executive Officer. Idan's military background has clearly characterised his lead-from-the-front management style, with a focus and discipline that is exemplary. His substantial experience in avatar and AI technology, as well as business development, is just what Crowd needs in a CEO to drive the Talking Head platform and its conversational commerce capabilities.

On behalf of the Board, I thank our Shareholders for their ongoing support. To the Company's Management team, I thank you for your loyalty, integrity, and committed effort during a most challenging period. I also thank my co-directors for the significant value they have added to the Board, and the extent to which they have made themselves available. Special thanks must go to CFO Melanie Mouldenhauer who has worked under most testing conditions, and director Domenic Carosa for his assistance particularly with the divestment of the Mobile Premium SMS business.

As Chairman, I look forward to leading Crowd Media into its next phase of growth, as we execute on our strategic plans to reposition this business for a prosperous future in conversational commerce.


Steven Schapera

Crowd Media Holdings Limited - Chairman

Pioneers of **Conversational Commerce**

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Crowd') consisting of Crowd Media Holdings Limited (referred to hereafter as the 'Company', 'parent entity' or 'Crowd Media') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

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

Steven Schapera - Chairman	
Domenic Carosa*	
Matthew Blake	Appointed 7 April 2021
Scott Mison	Appointed 7 April 2021
Robert Quandt	Resigned 30 June 2021
John Palermo	Resigned 1 April 2021

* On 27 January 2021, Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, however remained on the board of directors as a Non-Executive Director from this date.

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; the sale of products direct-to-consumer; 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

Crowd Media Holdings Limited was organised into three operating segments during the financial year: Mobile Content-Q&A (or 'Q&A'), Mobile Content-Subscription (or 'Subscription') and Crowd Direct. Effective 1 May 2021, the Group sold its Q&A Mobile Premium SMS business for a nominal amount. This will improve overall profitability of the company by allowing the Mobile division to focus solely on the profitable Subscription business. The underlying Q&A AI-driven technology platform will remain the property of Crowd and the purchaser will be provided with a non-exclusive license to use the platform.

Crowd Media Group earned revenue, from both continuing and discontinued operations, for the year ended 30 June 2021 of \$10,909,622 versus \$16,480,683 in the prior year ended 30 June 2020 ('pcp' or 'prior year'). The Company's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of (\$2,800,942) for the year (pcp: loss of (\$1,071,400)) and the net loss after tax for the year was (\$6,235,508) (30 June 2020: (\$1,914,560)). Crowd Media's net asset position at 30 June 2021 was \$5,251,448, an increase of \$2,669,673 from the 30 June 2020 balance.

Notably, the Company's EBITDA and net loss includes a non-cash share-based payment charge of \$399,197, restructuring costs of \$503,308 and non-cash impairment expenses of \$853,843. 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 (\$1,044,363), as follows:

	2021 \$	2020 \$	Increase/ (decrease) \$	Percentage change %
Net profit / (loss) after tax ('NPAT')	(6,235,508)	(1,914,560)	(4,320,948)	226%
Deduct/(Add back): income tax expense / (benefit)* (non-cash)	2,352,435	(654,348)	3,006,783	(460%)
Add back: finance costs	461,043	899,679	(438,636)	(49%)
Deduct: interest revenue	(18,131)	(327)	(17,804)	5445%
Add back: depreciation and amortisation	639,219	598,156	41,063	7%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	<u>(2,800,942)</u>	<u>(1,071,400)</u>	<u>(1,729,542)</u>	161%
Add back: impairment expenses (non-cash)	853,843	(3,197)	857,040	(26808%)
Add back: share-based payments expense (non-cash)	399,197	302,488	96,709	32%
Add back: restructuring and financing costs	503,308	605,265	(101,957)	(17%)
Add back: net fair value loss on derivative financial liabilities	-	303,902	(303,902)	(100%)
Effects of exchange rate changes	231	4,315	(4,084)	(95%)
Underlying EBITDA	<u><u>(1,044,363)</u></u>	<u><u>141,373</u></u>	<u><u>(1,185,736)</u></u>	(839%)

* Income tax expense for the year ended 30 June 2021 reflects a non-cash write-off of deferred tax assets of \$2.7 million.

Comparison of years ended 30 June 2021 to 30 June 2020

	2021 \$	2020 \$	Increase/ (decrease) \$	Percentage change %
Revenue	10,909,622	16,480,683	(5,571,061)	(34%)
Other income	137,506	22,000	115,506	525%
Cost of sales	(3,095,715)	(4,642,716)	1,547,001	(33%)
Selling, general and administration expenses	(9,898,512)	(12,934,564)	3,036,052	(23%)
Impairment expense	(853,843)	3,197	(857,040)	(26808%)
EBITDA Profit / (Loss)	<u>(2,800,942)</u>	<u>(1,071,400)</u>	<u>(1,729,542)</u>	161%
Interest income	18,131	327	17,804	5445%
Depreciation and amortisation	(639,219)	(598,156)	(41,063)	7%
Finance costs	(461,043)	(899,679)	438,636	(49%)
Income tax (expense) / benefit*	<u>(2,352,435)</u>	<u>654,348</u>	<u>(3,006,783)</u>	(460%)
NPAT	<u><u>(6,235,508)</u></u>	<u><u>(1,914,560)</u></u>	<u><u>(4,320,948)</u></u>	226%

* Income tax expense for the year ended 30 June 2021 reflects a non-cash write-off of deferred tax assets of \$2.7 million.

Revenue

For the year, revenue from Crowd Media's continuing and discontinued operations totaled \$10,909,622 (pcp: \$16,480,683). Revenue from continuing operations of \$7,026,273 (pcp: \$7,788,671) was represented by Subscription of \$6,034,239, (pcp: \$7,032,328) and Crowd Direct of \$992,034 (pcp: \$347,923). Revenue from discontinued operations of the Q&A division was \$3,883,349 (pcp: \$8,692,012).

The Subscription business continues to be profitable. Management will continue to expand the product offering, adding new and better-quality third-party content and diversifying revenue in order to lift revenue and profitability.

Crowd Direct contributed revenue of \$992,034 during the year. The division has performed below internal expectations as measured by return on marketing spend. Retail marketing dollars are seen to be moving away from bricks and mortar, to aggressive online deployment. Accordingly, we have restructured this business segment in a positive way, to focus on our best-performing brands, Kamu and KINN, which we see as having the strongest potential.

Expenses

(i) Cost of sales

For the year, the Group's cost of sales was \$3,095,715, or 28% of revenue (pcp: \$4,642,716 at 28%). Cost of sales as a percentage of revenue are expected to be relatively flat over the next financial year.

(ii) Selling, general and administration expense

Crowd Media's selling, general and administration expenses (including Marketing) of \$9,898,512 for the year decreased by 23% compared to the prior period. The decrease is mainly due to a decrease in marketing expenses (-32% versus the prior period), consultants fees (-26% versus the prior period) and employee benefits expenses (-9% versus the prior period).

(iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the year was \$639,219 (pcp: \$598,156). 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 \$461,043 decreased by \$438,636, or 49%, from the prior year. The Company fully repaid the loan payable to BillFront during the year, which will save approximately \$0.2 million in annual interest and administration costs.

(v) Income tax expense/(benefit)

The consolidated tax expense for the year of \$2,352,435 reflects a non-cash write-off of deferred tax assets of \$2.7 million.

Cash flow

The Company's net cash used in operating activities for the year was (\$1,162,271), an improvement of 35% compared to the prior period cash used of (\$1,797,144). Operating cash flows are expected to further improve in the next financial year 2022 due to realising benefits from the ongoing initiatives to improve business performance and optimize costs.

The net cash flow from investing activities for the period was (\$1,609,870). Crowd invested \$332k in the form of an interest-bearing convertible notes loan to UneeQ Limited, \$225k in the form of an interest-bearing Convertible Note loan to Forever Holdings Ltd, \$444k for the first tranche of the investment into Aflorithmic Labs Ltd and \$326k in the joint venture with VFR Assets and Holdings Ltd. These investments further cemented Crowd's strategic alliances with these partners and underpinned Crowd's "Talking Head" strategy.

Net cash flow from financing activities was \$4,100,271. Crowd raised \$6.9 million (net of transaction costs) from the issue of shares during the year and used \$1.6 million to fully repay and extinguish (early) the BillFront loan to preserve cash. A further \$0.46 million was used to repay a portion of the Tranche 1 convertible notes at maturity. The remaining Tranche 1 notes were converted to shares.

Liquidity and Financial Position

At Crowd Media's 30 June 2021 reporting date:

- Cash and cash equivalents ('cash') were \$3,142,991, an increase of \$1.2 million from \$1,913,953 at 30 June 2020
- Working capital (defined as current assets less current liabilities) increased by \$3.1 million to \$2,833,099 (30 June 2020: (\$300,448))
- Reporting date total current and non-current borrowings ('debt') were \$624,743, a decrease of \$2.9 million from \$3,554,598 at 30 June 2020
- Net cash (cash less debt) was \$2,518,248, an increase of \$4.2 million from (\$1,640,645) at 30 June 2020
- Net assets were \$5,251,448, an increase of \$2.7 million from \$2,581,775 at 30 June 2020

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

Significant changes in the state of affairs

Strategic collaboration and investments

On 11 September 2020, the Company announced that it had agreed to make a strategic investment into London-based Forever Holdings Limited, thereby accelerating Crowd's conversational commerce initiative. Forever 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. This dialogue can function on Crowd's AI-driven Q&A Chatbot technology platform, across multiple languages. By combining Crowd's Chatbot technology with Forever's digital voice and visual projections we can significantly accelerate development of Crowd's Horizon 3 "Talking Head" strategy, as outlined by Chairman Steven Schapera at the November 2019 Annual General Meeting. On 11 September 2020, Crowd invested GBP£50,000 (circa AUD\$92,000) in Forever Holdings Ltd with the issue of 4,000,000 Crowd shares at \$0.023 and on 16 March 2021 Crowd invested GBP£125,000 in the form of a convertible note receivable from Forever Holdings.

On 11 November 2020, the Company announced that it signed two strategic partnerships in order to further accelerate its stated "Talking Head" strategy. Crowd executed a three-year binding Heads of Agreement with UneeQ Limited for the creation of 'Digital Ambassadors' to help power Conversation Commerce activity and influencer marketing. As part of this partnership, Crowd invested USD 250,000 in the form of an interest-bearing convertible notes loan to UneeQ Limited during the financial half-year. Crowd also executed a binding Heads of Agreement to form a joint venture with Israel-based VFR Assets and Holdings Limited ('VFR'). VFR has created one of the world's first virtual digital influencers, Zoe Dvir (i.e. a digital influencer that does not actually exist in real life). The joint venture will bring together the technical and commercial expertise of both parties to create a platform that will allow Crowd to roll out many "talking heads" in days and at a fraction of the cost of current platforms. Crowd will invest USD 250,000 into an incorporated joint venture, while VFR will provide the IP, know-how and development resources to develop the proof of concept.

On 27 January 2021, the Company announced that it has further cemented its push into conversational commerce via a new collaboration and strategic investment into Artificial Intelligence company Aflorithmic Labs Ltd ('AFLR'). Crowd will invest GBP 1 million in AFLR, structured as GBP 750,000 in cash and the equivalent of GBP 250,000 in Crowd shares (subject to shareholder approval), after which Crowd will own a 10% stake in AFLR and AFLR will own approximately 1.3% of Crowd. This collaboration enables the accelerated integration of Crowd's well-proven AI-driven Q&A Chatbot technology (which has processed in excess of 180 million questions and answers) with AFLR's voice cloning technology and the video technology from one of Crowd's other JV partners, VFR, as previously announced. Together, these comprise of the platform for Crowd's Talking Head technology that aims to deliver an immersive experience combining sight, sound, and real-time conversation.

Capital raising and full repayment of loan payable to BillFront

On 16 November 2020, the Company announced that it raised \$4 million (less transaction costs) through a placement of 80 million ordinary shares at \$0.05 per share and 40 million options with an exercise price of \$0.07 and 2-year expiry from issue. The issue of these shares and options was approved by shareholders at the Extraordinary General Meeting held on 19 March 2021. The placement proceeds were utilised by the Company to strengthen the balance sheet, continue accelerated R&D of its "Talking Head" technology, boost inventory for the Crowd Direct division and repay the BillFront loan payable in full.

On 27 January 2021, the Company announced that it raised \$1.6 million (less transaction costs) through a placement of 32 million ordinary shares at \$0.05 per share and 16 million options with an exercise price of \$0.07 and 2-year expiry from issue. The issue of these shares and options was approved by shareholders at the Extraordinary General Meeting held on 19 March 2021. The placement proceeds were utilised by the Company to strengthen the balance sheet and continue accelerated R&D of its "Talking Head" technology.

Management update

On 27 January 2021, the Company announced that Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, to spend more time with his recently-listed fintech company, Banxa Holdings Inc. Mr. Carosa transitioned to a Non-Executive Director role with the Company and will remain available, on an as-needed consulting basis, for projects relating to Crowd's Horizon 2 (Fintech and Insurtech) and Horizon 3 (Talking Head) objectives. Chairman Steven Schapera and Director Robert Quandt both moved to interim executive roles whilst the board commenced a search for a new Chief Executive Officer.

Board appointments and resignations

On 7 April 2021, the Company announced that Mr Matthew Blake and Mr Scott Mison were appointed as Non-Executive Directors of the Company. Mr Mison was also appointed as Company Secretary. Mr Blake has 25 years' experience in the financial services industry and with ASX companies. Mr Mison has more than 23 years of international corporate and operational experience. On 6 April 2021, the Company announced that Mr John Palermo retired as Non-Executive Director and Company Secretary of the Company, effective 1 April 2021, and on 21 June 2021 the Company announced that Mr Robert Quandt would retire as Non-Executive Director of the Company, effective 30 June 2021.

Divestment of mobile premium SMS (Q&A) business

On 29 April 2021, the Company announced that it has divested its legacy and loss making Mobile Premium SMS business for a nominal amount, effect 1 May 2021. This will improve overall profitability of the Company by allowing the Mobile division to focus solely on the profitable Subscription business. The underlying Q&A AI-driven technology platform will remain the property of Crowd and the purchaser has been provided with a non-exclusive license to use the platform.

Maturity of Tranche 1 Convertible Notes

On 28 June 2021, the Company announced that Tranche 1 of the European Investments Consortium Convertible Notes were fully repaid. Of the 1,005 notes (each \$1,000 face value) outstanding at maturity, 545 notes were converted to shares and 460 notes were repaid in cash, including interest.

Novel Coronavirus (COVID-19)

The Novel Coronavirus ('COVID-19') has been declared a pandemic in March 2020 by the World Health Organisation ('WHO'). There have been considerable economic impacts in Australia, Europe and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian, European and other governments as well as the travel and trade restrictions imposed by Australia, Europe and other countries in early 2020 have caused disruption to businesses and economic activity.

The impact of the COVID-19 pandemic is ongoing is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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 16 August 2021, the Company announced the appointment of Mr Idan Schmorak as Chief Executive Officer of the Company with effect from 20 September 2021. Idan currently serves as the Director of Business Development at VFR Holdings, an Israeli-based start-up incubator and investment firm. In this position, he has been tasked with driving growth in products and services, increasing sales revenue and leading the marketing function across a number of company-owned ventures, including leading the "Talking Head" team as part of the VFR joint venture with Crowd Media.

On 13 August 2021, the Company issued 2,003,065 fully paid ordinary shares on conversion of performance rights and 200,765 fully paid ordinary shares in lieu of interest paid on the Tranche 2 convertible notes.

No other matter or circumstance has arisen since 30 June 2021 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, whilst paying down debt in cash, wherever possible.

Environmental regulation

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

Information on directors

Name: Steven Schapera
Title: Non-Executive Chairman
Qualifications: Mechanical Engineering, Winemaking
Experience and expertise: Steven has more than 30 years' experience founding and building businesses across agricultural, wine, and cosmetics industries. He co-founded BECCA Cosmetics in 2001 and exited to Estee Lauder in 2016 for more than AUD \$300m. He continues to serve as Chairman of BECCA Holdings, the original investment entity. He was an early investor into Berlin-based Invincible Brands GmbH, and has served on the board as a Non-Executive Director since January 2018. Having studied both mechanical engineering and winemaking, Steven possesses a rare mix of technical and bio-technical skills. These are combined with an excellent understanding of supply chain, branding and positioning, as evidenced by his significant success selling branded products in more than 40 countries across Europe, North America, Australia, Asia, and Africa in the beauty, health, and wellness industries.

Other current directorships: Chief Executive Officer of Lab Brands Ltd (UK); Chairman of BECCA Holdings Pty Ltd; Non-Executive Director of Invincible Brands GmbH (Germany); Non-Executive Director of ASX-listed OBJ Ltd; Non-Executive Director of Wild Nutrition Ltd (UK); Chairman of Swedish Nasdaq First North (SIMRIS ALG AB)

Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 20,000,000 ordinary shares (held indirectly)
Interests in options: 29,100,000 options over ordinary shares (held indirectly by Namaqua Holdings Ltd; Mr. Schapera has a relevant interest in Namaqua Holdings Ltd and accordingly has a relevant interest in the securities held by the entity)

Interests in rights: None
Contractual rights to shares: 500 Tranche 2 convertible notes (held indirectly)

Name: Domenic Carosa
Title: Non-Executive Director
Qualifications: Masters of Entrepreneurship and Innovation (MEI) from Swinburne University
Experience and expertise: Domenic Carosa is a Non-Executive Director of Crowd Media. With over 20 years' experience in business and technology, Domenic has built a reputation as a leader in the internet space by building one of Australia's leading digital music service providers in the late 90's, and building from scratch Australia's second largest virtual web hosting/communications company which he sold for A\$25 million in 2006-07. Domenic was previously the co-founder and Group CEO of ASX-listed Destra Corporation Ltd which was the largest independent media and entertainment company in Australia with revenues of over A\$100 million. Mr Carosa was a director of Destra Limited until April 2009. Domenic is past Chairman of the Internet Industry Association (IIA). Domenic is Non-Executive Chairman of the Future Capital Development Fund and Non-Executive Chairman of Dominet Digital Corporation Pty Ltd, an internet investment group.

Other current directorships: Chairman and Non-Executive Director of Banxa Holdings Inc
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 32,565,428 ordinary shares (held indirectly)
Interests in options: 3,500,000 options over ordinary shares (held indirectly)
Interests in rights: None
Contractual rights to shares: 50 Tranche 2 convertible notes (held indirectly)

Name: **Matthew Blake**
Title: Non-Executive Director (appointed 7 April 2021)
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 Victory Mines Limited; Non-Executive Director of Great Southern Mining Limited
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

Name: **Scott Mison**
Title: Non-Executive Director and Company Secretary (appointed 7 April 2021)
Qualifications: Bachelor of Business degree majoring in Accounting and Member of the Institute of Chartered Accountants in Australia and Governance Institute of Australia.
Experience and expertise: Scott has more than 23 years of corporate and operation experience in Australia, UK, Central Asia, Africa and the US. He has held many Director and Company Secretary roles with ASX or LSE companies.
Other current directorships: None
Former directorships (last 3 years): Non-Executive Director of Zyber Holdings Limited (resigned 30 October 2018); Non-Executive Director of New World Resources (resigned 30 November 2019)
Special responsibilities: None
Interests in shares: None
Interests in options: None
Interests in rights: None
Contractual rights to shares: None

Name: **Robert Quandt**
Title: Former Non-Executive Director (resigned effective 30 June 2021)
Qualifications: Master of Industrial Engineering from Technical University of Berlin
Experience and expertise: Robert Quandt is a consultant by training and has spent 10 years in Management Consulting at Booz & Company. He also served 2 years as strategy lead for the €5bn Americas Business of Linde AG a German industrial gases supplier. He later joined Invincible Brands, a digital native brand builder with HelloBody, Natural Mojo, lamKamu, Mermaid + Me and Banana Beauty as Chief Operating Officer and Chief Financial Officer ('CFO') and helped to scale the business from €7m to €100m in just 3 years. Robert has broad expertise in operations from supply chain to fulfilment and deep expertise in Finance. He also lead the sale of Invincible Brands to the London based Private Equity Capital D.
Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

Name:	John Palermo
Title:	Former Non-Executive Director (resigned effective 1 April 2021)
Qualifications:	Fellow Chartered Accountant
Experience and expertise:	John has 20 years' experience in public practice, with expertise in corporate transaction execution, strategic business management and business structuring.
Other current directorships:	Not applicable as no longer a Director
Former directorships (last 3 years):	Not applicable as no longer a Director
Special responsibilities:	Not applicable as no longer a Director
Interests in shares:	Not applicable as no longer a Director
Interests in options:	Not applicable as no longer a Director
Interests in rights:	Not applicable as no longer a Director
Contractual rights to shares:	Not applicable as no longer a Director

'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.

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.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	<i>Full Board</i>	
	<i>Attended</i>	<i>Held</i>
Steven Schapera - Chairman	10	10
Domenic Carosa	10	10
Matthew Blake	2	2
Scott Mison	2	2
Robert Quandt	10	10
John Palermo	8	8

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 have 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
- share-based payments
- 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 17 December 2014, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees 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.

On 18 December 2019, the Company agreed to issue Performance Rights to employees. The three-year PRs are based on retention targets for key employees, excluding directors, and the maximum number of shares that can be issued on conversion is 11,000,000. On 5 November 2020, the Company agreed to issue a further 4,500,000 performance rights to key employees, excluding directors, on similar terms to those issued on 18 December 2019.

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.

The Company established an employee option plan in 2015 called the Crowd Mobile Limited Executive Option Plan ('Option Plan'), which replaces the former Q Limited Incentive Option Scheme. The Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel (and Directors) of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

As a legacy tool, the Company has so far maintained, though not activated, The Q Limited Share Plan ('Q Plan') which was established in 2011 fiscal year as part of the then remuneration strategy and the Q Plan currently holds a minor shareholding in the Company.

All LTI incentives are designed and used specifically to align management and shareholder's 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 Nomination and Remuneration Committee. 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 2021, the Company did not engage remuneration consultants to review its existing remuneration policies or provide recommendations on how to improve incentive programs.

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 25 November 2020 AGM, 78.28% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. 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 Crowd Media Holdings Limited and the following person:

- 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.

2021	Cash salary and fees \$	Short-term benefits				Post- employment benefits	Long-term benefits	Share- based payments	Total \$
		Cash bonus \$	Non- monetary \$	Termination payments \$	Super- annuation \$	Leave benefits \$	Equity- settled \$		
<i>Non-Executive</i>									
<i>Directors:</i>									
S Schapera ⁽²⁾	153,009	-	-	-	-	-	47,622	200,631	
D Carosa ⁽¹⁾	14,902	-	-	-	-	-	-	14,902	
R Quandt	197,537	-	-	-	-	-	47,622	245,159	
M Blake*	13,833	-	-	-	-	-	-	13,833	
S Mison*	22,133	-	-	-	-	-	-	22,133	
J Palermo**	53,800	-	-	-	-	-	-	53,800	
<i>Executive</i>									
<i>Directors:</i>									
S Schapera ⁽²⁾	45,232	-	-	-	-	-	-	45,232	
D Carosa ⁽¹⁾	384,995	-	-	-	3,325	-	27,213	415,533	
<i>Other Key Management Personnel:</i>									
M Mouldenhauer	213,517	-	-	-	-	-	41,925	255,442	
	<u>1,098,958</u>	-	-	-	<u>3,325</u>	-	<u>164,382</u>	<u>1,266,665</u>	

* Remuneration is for the period from appointment as a director or key management personnel to 30 June 2021

** Remuneration is for the period from 1 July to date of resignation or termination as a director or key management personnel

⁽¹⁾ On 27 January 2021, Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, however remained on the board of directors as a Non-Executive Director from this date

⁽²⁾ Mr. Schapera transitioned from Non-Executive Director to Executive Director upon the resignation of Mr. Carosa effective 31 March 2021

	Cash salary and fees \$	Short-term benefits			Post- employment benefits	Long-term benefits	Share- based payments	Total \$
		Cash bonus \$	Non- monetary \$	Termination payments \$	Super- annuation \$	Leave benefits \$	Equity- settled \$	
2020								
<i>Non-Executive Directors:</i>								
S Schapera**	188,404	-	-	-	-	-	51,780	240,184
R Quandt**	152,054	-	-	-	-	-	51,780	203,834
J Palermo**	23,275	-	-	-	-	-	-	23,275
T Hnarakis*	37,500	-	-	-	3,563	-	-	41,063
S Karzis*	36,058	-	-	-	-	-	-	36,058
<i>Executive Directors:</i>								
D Carosa	456,048	-	2,396	-	5,700	-	29,588	493,732
<i>Other Key Management Personnel:</i>								
M Mouldenhauer	212,297	-	-	-	-	-	20,079	232,376
A Ignatovska*	49,238	-	-	-	-	-	-	49,238
M de Jong*	117,117	-	-	60,281	-	-	-	177,398
	<u>1,271,991</u>	<u>-</u>	<u>2,396</u>	<u>60,281</u>	<u>9,263</u>	<u>-</u>	<u>153,227</u>	<u>1,497,158</u>

* Remuneration is for the period from 1 July to date of resignation or termination as a director or key management personnel

** Remuneration is for the period from appointment as a director or key management personnel to 30 June 2020

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	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
S Schapera	76%	78%	-	-	24%	22%
D Carosa	100%	-	-	-	-	-
R Quandt	81%	75%	-	-	19%	25%
M Blake	100%	-	-	-	-	-
S Mison	100%	-	-	-	-	-
J Palermo	100%	100%	-	-	-	-
T Hnarakis	-	100%	-	-	-	-
S Karzis	-	100%	-	-	-	-
<i>Executive Directors:</i>						
S Schapera	100%	-	-	-	-	-
D Carosa	93%	94%	-	-	7%	6%
<i>Other Key Management Personnel:</i>						
M Mouldenhauer	84%	91%	-	-	16%	9%
A Ignatovska	-	100%	-	-	-	-
M de Jong	-	100%	-	-	-	-

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:	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 - €133,590 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 2021.

Options

The terms and conditions of each grant of options 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>Exercise price</i>	<i>Fair value per option at grant date</i>
13 December 2019	13 December 2020	13 December 2022	\$0.030	\$0.0122
13 December 2019	13 December 2020	13 December 2022	\$0.050	\$0.0094
13 December 2019	13 December 2020	13 December 2022	\$0.070	\$0.0077

Options granted carry no dividend or voting rights.

There were no other options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2021.

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>
18 December 2019	30 June 2021*	30 June 2021	\$0.0230
18 December 2019	30 June 2022	30 June 2022	\$0.0230
5 November 2020	30 June 2021*	30 June 2021	\$0.0400
5 November 2020	30 June 2022	30 June 2022	\$0.0400
5 November 2020	30 June 2023	30 June 2023	\$0.0400

* Performance rights that vested on 30 June 2021 were issued subsequent to the financial year in August 2021

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Sales revenue (continuing and discontinued)	10,909,622	16,480,683	23,918,776	38,552,347	43,887,388
Adjusted EBITDA	(2,558,481)	(770,695)	(5,587,379)	(23,175,246)	9,407,765
Total comprehensive income for the year attributable to the owners of Crowd Media Holdings Limited	(6,119,657)	(1,856,796)	(4,284,757)	(25,640,051)	(251,234)

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

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.02	0.03	0.01	0.04	0.14
Basic earnings per share (cents per share)	(1.26)	(0.68)	(2.10)	(11.71)	(0.05)
Diluted earnings per share (cents per share)	(1.26)	(0.68)	(2.10)	(11.71)	(0.05)

Additional disclosures relating to key management personnel

Shareholding

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
S Schapera	-	-	20,000,000	-	20,000,000
D Carosa	25,742,968	-	6,822,460	-	32,565,428
R Quandt	-	-	10,277,778	-	10,277,778
M Blake	-	-	-	-	-
S Mison	-	-	-	-	-
J Palermo	-	-	-	-	-
M Mouldenhauer	-	-	242,285	-	242,285
	25,742,968	-	37,342,523	-	63,085,491

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:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
S Schapera	9,100,000	20,000,000	-	-	29,100,000
D Carosa	5,200,000	2,500,000	(4,200,000)	-	3,500,000
R Quandt	9,100,000	10,277,778	-	-	19,377,778
M Blake	-	-	-	-	-
S Mison	-	-	-	-	-
J Palermo	-	-	-	-	-
M Mouldenhauer	-	-	-	-	-
	23,400,000	32,777,778	(4,200,000)	-	51,977,778

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 Schapera	-	-	-	-	-
D Carosa	-	-	-	-	-
R Quandt	-	-	-	-	-
M Blake	-	-	-	-	-
S Mison	-	-	-	-	-
J Palermo	-	-	-	-	-
M Mouldenhauer	1,598,000	1,500,000	(398,000)	-	2,700,000
	<u>1,598,000</u>	<u>1,500,000</u>	<u>(398,000)</u>	<u>-</u>	<u>2,700,000</u>

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Crowd Media Holdings Limited 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>
2 April 2019	2 April 2022	\$0.050	2,000,000
6 December 2019	6 December 2021	\$0.030	8,514,488
6 December 2019	6 December 2021	\$0.050	2,000,000
6 December 2019	6 December 2021	\$0.100	5,000,000
13 December 2019	13 December 2022	\$0.030	10,000,000
13 December 2019	13 December 2022	\$0.050	5,850,000
13 December 2019	13 December 2022	\$0.070	5,850,000
13 December 2019	31 December 2021	\$0.030	5,388,889
30 January 2020	31 December 2021	\$0.030	277,778
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
1 May 2020	31 December 2021	\$0.030	3,611,111
11 June 2020	31 December 2021	\$0.030	1,111,111
11 June 2020	31 December 2023	\$0.030	8,000,000
25 August 2020	11 September 2022	\$0.040	12,432,810
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 2021	\$0.030	8,333,333
16 November 2020	31 December 2023	\$0.030	500,000
31 January 2021	31 December 2021	\$0.030	277,778
23 March 2021	25 March 2023	\$0.070	70,000,000
28 June 2021	31 December 2021	\$0.030	30,277,778
			<u>195,677,076</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 Crowd Media Holdings Limited 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>
18 December 2019	30 June 2022	5,500,000
5 November 2020	30 June 2022	1,350,000
5 November 2020	20 June 2023	<u>2,250,000</u>
		<u><u>9,100,000</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 Crowd Media Holdings Limited were issued during the year ended 30 June 2021 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>
6 December 2019	\$0.030	576,889
6 December 2019	\$0.050	3,000,000
13 December 2019	\$0.030	2,777,778
13 December 2019	\$0.030	2,222,222
13 December 2019	\$0.030	500,000
13 December 2019	\$0.030	1,666,667
13 December 2019	\$0.030	1,700,000
27 March 2020	\$0.030	3,250,000
27 March 2020	\$0.030	250,000
20 April 2020	\$0.030	3,000,000
20 April 2020	\$0.030	3,000,000
20 April 2020	\$0.030	2,555,556
25 August 2020	\$0.040	80,000
25 August 2020	\$0.040	11,560,286
25 August 2020	\$0.040	74,000
25 August 2020	\$0.040	610,000
25 August 2020	\$0.040	3,117,475
25 August 2020	\$0.040	1,271,858
25 August 2020	\$0.040	1,958,571
20 November 2020	\$0.030	2,000,000
20 November 2020	\$0.030	500,000
13 January 2021	\$0.030	<u>9,166,667</u>
		<u><u>54,837,969</u></u>

Shares issued on the exercise of performance rights

The following ordinary shares of Crowd Media Holdings Limited were issued during the year ended 30 June 2021 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	3,059,687
5 November 2020	<u>419,760</u>
	<u><u>3,479,447</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.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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



Steven Schapera
Chairman

27 August 2021
Melbourne

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Crowd Media Holdings Limited for the year ended 30 June 2021, 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



M PARAMESWARAN
Partner

Dated: 27 August 2021
Melbourne, Victoria

Crowd Media Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

CROWDMEDIA

	Note	Group 2021 \$	2020 \$
Revenue from continuing operations			
Revenue from continuing operations	5	7,026,273	7,788,671
Cost of sales		<u>(1,866,436)</u>	<u>(2,022,023)</u>
Gross profit		<u>5,159,837</u>	<u>5,766,648</u>
Share of losses of joint ventures accounted for using the equity method	16	(7,232)	-
Other income	6	10,000	10,000
Interest revenue calculated using the effective interest method		18,131	327
Expenses			
Marketing		(1,674,599)	(1,755,692)
Administration and other expenses		(800,012)	(781,085)
Consultants		(854,065)	(1,092,859)
Depreciation and amortisation expense	7	(554,944)	(533,601)
Employee benefits expense		(2,326,988)	(2,207,989)
Impairment of assets		(280,423)	-
Travel and accommodation		(14)	(61,137)
Product development		(11,371)	(5,118)
Share-based payment	7	(399,197)	(302,488)
Allowance for expected credit losses		(95,066)	3,197
Net fair value loss on financial liabilities		-	(303,902)
Finance costs	7	<u>(455,334)</u>	<u>(858,464)</u>
Loss before income tax (expense)/benefit from continuing operations		(2,271,277)	(2,122,163)
Income tax (expense)/benefit	8	<u>(2,218,239)</u>	<u>1,248,865</u>
Loss after income tax (expense)/benefit from continuing operations		(4,489,516)	(873,298)
Loss after income tax expense from discontinued operations	9	<u>(1,745,992)</u>	<u>(1,041,262)</u>
Loss after income tax (expense)/benefit for the year attributable to the owners of Crowd Media Holdings Limited	28	(6,235,508)	(1,914,560)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>115,851</u>	<u>57,764</u>
Other comprehensive income for the year, net of tax		<u>115,851</u>	<u>57,764</u>
Total comprehensive income for the year attributable to the owners of Crowd Media Holdings Limited		<u><u>(6,119,657)</u></u>	<u><u>(1,856,796)</u></u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(4,373,665)	(815,534)
Discontinued operations		<u>(1,745,992)</u>	<u>(1,041,262)</u>
		<u><u>(6,119,657)</u></u>	<u><u>(1,856,796)</u></u>

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

Crowd Media Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

CROWDMEDIA

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Crowd Media Holdings Limited			
Basic earnings per share	38	(0.91)	(0.31)
Diluted earnings per share	38	(0.91)	(0.31)
Earnings per share for loss from discontinued operations attributable to the owners of Crowd Media Holdings Limited			
Basic earnings per share	38	(0.35)	(0.37)
Diluted earnings per share	38	(0.35)	(0.37)
Earnings per share for loss attributable to the owners of Crowd Media Holdings Limited			
Basic earnings per share	38	(1.26)	(0.68)
Diluted earnings per share	38	(1.26)	(0.68)

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

Crowd Media Holdings Limited
Consolidated statement of financial position
As at 30 June 2021

CROWDMEDIA

	Note	Group 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	10	3,142,991	1,913,953
Trade and other receivables	11	1,241,779	2,176,440
Accrued income	12	781,940	1,925,793
Inventories	13	412,566	118,236
Income tax receivable	8	-	471,974
Convertible notes receivable	14	344,638	-
Other assets	15	226,513	262,605
Total current assets		<u>6,150,427</u>	<u>6,869,001</u>
Non-current assets			
Investments accounted for using the equity method	16	318,833	-
Other financial assets	17	983,490	-
Property, plant and equipment	18	151,753	224,470
Right-of-use assets	19	1,498,401	1,950,985
Intangibles	20	507,020	825,158
Deferred tax	8	-	2,244,437
Convertible notes receivable	14	235,550	-
Total non-current assets		<u>3,695,047</u>	<u>5,245,050</u>
Total assets		<u>9,845,474</u>	<u>12,114,051</u>
Liabilities			
Current liabilities			
Trade and other payables	21	2,241,887	3,727,401
Deferred revenue	22	109,229	85,062
Borrowings	23	624,743	2,905,275
Lease liabilities	24	287,234	285,433
Employee benefits	25	43,163	13,427
Provisions		11,072	152,851
Total current liabilities		<u>3,317,328</u>	<u>7,169,449</u>
Non-current liabilities			
Borrowings	23	-	649,323
Lease liabilities	24	1,276,698	1,713,504
Total non-current liabilities		<u>1,276,698</u>	<u>2,362,827</u>
Total liabilities		<u>4,594,026</u>	<u>9,532,276</u>
Net assets		<u>5,251,448</u>	<u>2,581,775</u>
Equity			
Issued capital	26	40,052,021	31,599,781
Reserves	27	6,186,647	5,731,186
Accumulated losses	28	(40,987,220)	(34,749,192)
Total equity		<u>5,251,448</u>	<u>2,581,775</u>

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

Crowd Media Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021

CROWDMEDIA

Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,720,072	249,274	4,813,399	-	(32,834,632)	948,113
Loss after income tax benefit for the year	-	-	-	-	(1,914,560)	(1,914,560)
Other comprehensive income for the year, net of tax	-	57,764	-	-	-	57,764
Total comprehensive income for the year	-	57,764	-	-	(1,914,560)	(1,856,796)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 26)	2,879,709	-	-	-	-	2,879,709
Share-based payments (note 39)	-	-	302,488	-	-	302,488
Convertible note option (note 28)	-	-	-	308,261	-	308,261
Balance at 30 June 2020	<u>31,599,781</u>	<u>307,038</u>	<u>5,115,887</u>	<u>308,261</u>	<u>(34,749,192)</u>	<u>2,581,775</u>
Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	31,599,781	307,038	5,115,887	308,261	(34,749,192)	2,581,775
Loss after income tax expense for the year	-	-	-	-	(6,235,508)	(6,235,508)
Other comprehensive income for the year, net of tax	-	115,851	-	-	-	115,851
Total comprehensive income for the year	-	115,851	-	-	(6,235,508)	(6,119,657)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 26)	8,452,240	-	-	-	-	8,452,240
Share-based payments (note 39)	-	-	399,197	-	-	399,197
Convertible note option (note 23)	-	-	-	(59,587)	-	(59,587)
Cancellation of share capital of subsidiaries on deregistration of entities	-	-	-	-	(2,520)	(2,520)
Balance at 30 June 2021	<u>40,052,021</u>	<u>422,889</u>	<u>5,515,084</u>	<u>248,674</u>	<u>(40,987,220)</u>	<u>5,251,448</u>

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

Crowd Media Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

CROWDMEDIA

	Note	Group 2021 \$	Group 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,678,273	17,155,085
Payments to suppliers and employees (inclusive of GST)		(15,116,274)	(17,984,514)
Interest received		18,131	58,033
Government grants (COVID-19)		137,506	22,000
Interest and other finance costs paid		(331,708)	(899,679)
Income taxes refunded		451,801	-
Income taxes paid		-	(148,069)
Net cash used in operating activities	37	<u>(1,162,271)</u>	<u>(1,797,144)</u>
Cash flows from investing activities			
Payments for investments		(443,548)	-
Payments for new joint venture capital invested		(326,065)	-
Payments for property, plant and equipment	18	-	(15,090)
Payments for intangibles	20	(283,626)	(255,919)
Payments for convertible notes		(556,631)	-
Proceeds from disposal of property, plant and equipment		-	3,878
Net cash used in investing activities		<u>(1,609,870)</u>	<u>(267,131)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)	26	6,851,695	1,555,250
Proceeds from issue of convertible notes - European Investment Consortium		-	2,821,000
Repayment of convertible notes - European Investment Consortium		(460,000)	-
Repayment of borrowings - BillFront		(1,647,416)	(497,198)
Repayment of convertible notes - Obsidian		-	(563,071)
Repayment of lease liabilities		(435,005)	(323,327)
Net cash from financing activities		<u>4,309,274</u>	<u>2,992,654</u>
Net increase in cash and cash equivalents		1,537,133	928,379
Cash and cash equivalents at the beginning of the financial year		1,913,953	839,462
Effects of exchange rate changes on cash and cash equivalents		(308,095)	146,112
Cash and cash equivalents at the end of the financial year	10	<u><u>3,142,991</u></u>	<u><u>1,913,953</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 Crowd Media Holdings Limited as a consolidated entity consisting of Crowd Media Holdings Limited (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' or 'Crowd Media'). The financial statements are presented in Australian dollars, which is Crowd Media Holdings Limited's functional and presentation currency.

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

Registered office

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 27 August 2021. 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 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, for the financial year ended 30 June 2021, the Group incurred a loss of \$6,235,508 and had net operating cash outflows of \$1,162,271.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group expects to generate positive operating cashflow, in part due to the divestment of the loss making Mobile Premium SMS (Q&A) business during the current financial year (refer to note 9), which will allow the Mobile division to focus solely on the profitable Subscription business; and
- The Group's proven record of being able to raise funds to support its business plan, which includes receiving \$4.0 million through a placement of 80,000,000 shares at \$0.050 (refer to note 26) in November 2020 and receiving a further \$1.6 million through a placement of 32,000,000 shares at \$0.050 (refer to note 26) in February 2021.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('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').

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 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Crowd Media Holdings Limited as at 30 June 2021 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.

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 Crowd Media Holdings Limited'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.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

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.

inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

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.

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.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 2. Significant accounting policies (continued)

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.

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.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is 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 goodwill are taken to profit or loss and are not subsequently reversed.

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.

Distribution network

Significant investments in relation to distribution networks and messaging systems are capitalised as an asset and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 4.7 years.

Note 2. Significant accounting policies (continued)

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 5 - 6 years.

Databases

Costs in relation to databases 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

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibit characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability using the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the Covid-19 pandemic and which relate to payments originally due on or before 30 June 2021.

Note 2. Significant accounting policies (continued)

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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Crowd Media Holdings Limited, 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.

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 2021. 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 39 for details of inputs utilised in calculating the fair value of the equity instrument.

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

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 11, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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; incurrance 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.

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 was organised into three operating segments during the financial year: Mobile Content- Q&A (or 'Q&A'), Mobile Content-Subscription (or 'Subscription') and Crowd Direct. The Company operates mobile content businesses globally but predominantly in Europe, Latin America and Australasia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Effective 1 May 2021, the Group sold its Mobile Premium SMS ('Q&A') business. The underlying Q&A AI-driven technology platform will remain the property of Crowd and these assets have been transferred to the Mobile Content - Subscription segment for reporting from 1 May 2021.

The Subscription operating segment recognises all corporate costs including public company costs, acquisition costs, share based payments expense and restructure costs. In the prior period, these were reported under the Q&A segment and have been transferred to Subscription due to the sale of the Q&A business.

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

The information reported to the CODM is on 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 - Q & A	Crowd Mobile proprietary Q&A micro job platform technology that facilitates Q&A entertainment products via various Direct Carrier Billing, SMS and App product offerings.
Mobile Content - Subscription	Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via an m-payments network. Effective 1 May 2021 with the sale of the Q&A division, the underlying AI-driven technology platform is reported under the Subscription division.
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.
Crowd Media	Crowd Media operated as an agency, working with brands and digital influencers to provide social media marketing, digital influencer advertising and third party affiliate services. As of the financial year ended 30 June 2020, this division was no longer material and is no longer a focus of the CODM, but has been reported here for comparative purposes.

The Subscription segment also includes Group Corporate costs.

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

Group - 2021	<i>Subscription**</i> \$	<i>Continuing</i>		<i>Total</i> \$	<i>Discontinued</i>	
		<i>Crowd Direct</i> \$	<i>Crowd Media</i> \$		<i>Q&A *</i> \$	<i>Total</i> \$
Revenue						
Sales to external customers	6,034,239	992,034	-	7,026,273	3,883,349	10,909,622
Interest income	7,027	11,104	-	18,131	-	18,131
Total revenue	<u>6,041,266</u>	<u>1,003,138</u>	<u>-</u>	<u>7,044,404</u>	<u>3,883,349</u>	<u>10,927,753</u>
Adjusted EBITDA	(179,066)	(724,575)	-	(903,641)	(1,654,840)	(2,558,481)
Depreciation and amortisation	(531,665)	(23,279)	-	(554,944)	(84,275)	(639,219)
Impairment of assets	(130,391)	(245,098)	-	(375,489)	(478,354)	(853,843)
Interest income	7,027	11,104	-	18,131	-	18,131
Finance costs	(455,334)	-	-	(455,334)	(5,709)	(461,043)
Gain on disposal of discontinued operation	-	-	-	-	611,382	611,382
Loss before income tax expense	<u>(1,289,429)</u>	<u>(981,848)</u>	<u>-</u>	<u>(2,271,277)</u>	<u>(1,611,796)</u>	<u>(3,883,073)</u>
Income tax expense						<u>(2,352,435)</u>
Loss after income tax expense						<u>(6,235,508)</u>
Assets						
Segment assets	8,350,787	1,494,687	-	9,845,474	-	9,845,474
Total assets						<u>9,845,474</u>
Liabilities						
Segment liabilities	4,415,813	178,213	-	4,594,026	-	4,594,026
Total liabilities						<u>4,594,026</u>

* Effective 1 May 2021, the Group sold its Mobile Premium SMS (Q&A) business. This segment reflects the discontinued operations during the financial year.

** Crowd Mobile (Subscription) segment includes Group Corporate costs. These were recorded under the Q&A segment in the prior financial year.

Note 4. Operating segments (continued)

Group - 2020	Subscription \$	Continuing		Total \$	Discontinued	
		Crowd Direct \$	Crowd Media \$		Q&A *	Total \$
Revenue						
Sales to external customers	7,032,328	347,923	239,766	7,620,017	8,860,666	16,480,683
Interest income	-	-	-	-	327	327
Total revenue	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>7,620,017</u>	<u>8,860,993</u>	<u>16,481,010</u>
Adjusted EBITDA	2,204,497	(209,515)	(263,102)	1,731,880	(2,502,575)	(770,695)
Depreciation and amortisation	(417,310)	-	(2,950)	(420,260)	(177,896)	(598,156)
Impairment of assets	3,197	-	-	3,197	-	3,197
Interest income	-	-	-	-	327	327
Finance costs	(2,660,471)	-	(42)	(2,660,513)	1,760,834	(899,679)
Other non-cash expenses	-	-	-	-	(303,902)	(303,902)
Loss before income tax benefit	<u>(870,087)</u>	<u>(209,515)</u>	<u>(266,094)</u>	<u>(1,345,696)</u>	<u>(1,223,212)</u>	<u>(2,568,908)</u>
Income tax benefit						654,348
Loss after income tax benefit						<u>(1,914,560)</u>
Assets						
Segment assets	5,358,356	554,641	-	5,912,997	6,201,054	12,114,051
Total assets						<u>12,114,051</u>
Liabilities						
Segment liabilities	3,649,978	389,259	-	4,039,237	5,493,039	9,532,276
Total liabilities						<u>9,532,276</u>

* Q&A included Group Corporate revenue and costs. Therefore, the amounts do not align with the discontinued operations amounts in the consolidated statement of profit or loss and other comprehensive income, or note 9, for 2020.

Geographical information

	Revenue		Geographical non-current assets	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australasia	165,096	226,703	501,325	805,537
Europe	10,319,502	15,047,078	3,193,724	2,195,078
Latin America	314,846	1,014,535	-	-
Other	110,178	192,367	-	-
	<u>10,909,622</u>	<u>16,480,683</u>	<u>3,695,049</u>	<u>3,000,615</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:

Group - 2021	<i>Subscription</i>	<i>Continuing</i>		<i>Total</i>	<i>Discontinued</i>	<i>Total</i>
	<i>\$</i>	<i>Crowd Direct</i>	<i>Crowd Media</i>	<i>\$</i>	<i>Q&A *</i>	<i>\$</i>
<i>Major product lines</i>						
Information	-	-	-	-	3,883,349	3,883,349
Entertainment and content	6,034,239	-	-	6,034,239	-	6,034,239
Direct-to-consumer	-	992,034	-	992,034	-	992,034
Marketing agency	-	-	-	-	-	-
	<u>6,034,239</u>	<u>992,034</u>	<u>-</u>	<u>7,026,273</u>	<u>3,883,349</u>	<u>10,909,622</u>
<i>Geographical regions</i>						
Australasia	165,096	-	-	165,096	-	165,096
Europe	5,561,694	992,034	-	6,553,728	3,765,774	10,319,502
Latin America	270,551	-	-	270,551	44,295	314,846
Other	36,898	-	-	36,898	73,280	110,178
	<u>6,034,239</u>	<u>992,034</u>	<u>-</u>	<u>7,026,273</u>	<u>3,883,349</u>	<u>10,909,622</u>
<i>Timing of revenue recognition</i>						
Goods transferred at a point in time	6,034,239	992,034	-	7,026,273	3,883,349	10,909,622
Services transferred over time	-	-	-	-	-	-
	<u>6,034,239</u>	<u>992,034</u>	<u>-</u>	<u>7,026,273</u>	<u>3,883,349</u>	<u>10,909,622</u>

* Effective 1 May 2021, the Group sold its Mobile Premium SMS ('Q&A') business. This segment reflects the discontinued operations during the financial year.

Note 5. Revenue (continued)

Group - 2020	Continuing			Total \$	Discontinued	
	Subscription \$	Crowd Direct \$	Crowd Media \$		Q&A* \$	Total \$
<i>Major product lines</i>						
Information	-	-	-	-	8,860,666	8,860,666
Entertainment and content	7,032,328	-	-	7,032,328	-	7,032,328
Direct-to-consumer	-	347,923	-	347,923	-	347,923
Marketing agency	-	-	239,766	239,766	-	239,766
	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>7,620,017</u>	<u>8,860,666</u>	<u>16,480,683</u>
<i>Geographical regions</i>						
Australasia	58,481	-	-	58,481	168,222	226,703
Europe	6,195,478	347,923	234,278	6,777,679	8,269,399	15,047,078
Latin America	670,822	-	-	670,822	343,713	1,014,535
Other	107,547	-	5,488	113,035	79,332	192,367
	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>7,620,017</u>	<u>8,860,666</u>	<u>16,480,683</u>
<i>Timing of revenue recognition</i>						
Goods transferred at a point in time	7,032,328	347,923	-	7,380,251	8,860,666	16,240,917
Services transferred over time	-	-	239,766	239,766	-	239,766
	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>7,620,017</u>	<u>8,860,666</u>	<u>16,480,683</u>

* Q&A included Group Corporate revenue and costs. Therefore, the amounts do not align with the discontinued operations amounts in the consolidated statement of profit or loss and other comprehensive income, or note 9, for 2020.

Note 6. Other income

	Group	
	2021 \$	2020 \$
Government grants (COVID-19)	<u>10,000</u>	<u>10,000</u>

During the year the Group received payments from the Australian Government amounting to \$10,000 (2020: \$10,000) as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Company will comply with any conditions attached.

Note 7. Expenses

	2021 \$	Group 2020 \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	99,149	119,183
Right-of-use assets	384,717	409,699
Total depreciation	<u>483,866</u>	<u>528,882</u>
<i>Amortisation</i>		
Intangibles	71,078	4,719
Total depreciation and amortisation	<u>554,944</u>	<u>533,601</u>
<i>Impairment</i>		
Allowance for expected credit losses	95,066	(3,197)
<i>Finance costs</i>		
Interest and finance charges paid	361,135	738,784
Interest and finance charges paid/payable on lease liabilities	94,199	119,680
Finance costs expensed	<u>455,334</u>	<u>858,464</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	7,025	9,263
<i>Share-based payments expense</i>		
Share-based payments expense	<u>399,197</u>	<u>302,488</u>

Note 8. Income tax (continued)

	2021 \$	Group 2020 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	2,426,559
Employee benefits	-	5,991
Transaction fees (blackhole expenditure)	-	242,933
Provisions	-	21,558
Other	-	3,110
	-	2,700,151
Amounts recognised in equity:		
Foreign exchange revaluation	-	(455,714)
Deferred tax asset	-	2,244,437
Movements:		
Opening balance	2,244,437	1,579,919
Credited/(charged) to profit or loss	(2,700,151)	664,518
Credited to equity	455,714	-
Closing balance	-	2,244,437
	2021 \$	Group 2020 \$
<i>Income tax receivable</i>		
Income tax receivable	-	471,974

Note 9. Discontinued operations

Sale of Q&A Business

Effective 1 May 2021, the Group sold its Mobile Premium SMS ('Q&A') business for a nominal amount. This will improve overall profitability of the company by allowing the Mobile division to focus solely on the profitable Subscription business. The underlying Q&A AI-driven technology platform will remain the property of Crowd and the purchaser will be provided with a non-exclusive license to use the platform.

Note 9. Discontinued operations (continued)

Financial performance information

	Group	
	2021	2020
	\$	\$
Revenue	3,883,349	8,692,012
Government grants (COVID-19)	127,506	12,000
Total revenue	<u>4,010,855</u>	<u>8,704,012</u>
Cost of sales	(1,229,279)	(2,620,693)
Marketing	(1,313,878)	(2,619,429)
Administration and other expenses	(676,102)	(652,910)
Consultants	(63,493)	(141,207)
Depreciation and amortisation expense	(84,275)	(64,555)
Employee benefits expense	(2,368,365)	(2,968,647)
Impairment of assets	(478,354)	-
Travel and accommodation	(14,578)	(36,168)
Product development	-	(5,933)
Finance costs	(5,709)	(41,215)
Total expenses	<u>(6,234,033)</u>	<u>(9,150,757)</u>
Loss before income tax expense	(2,223,178)	(446,745)
Income tax expense	(134,196)	(594,517)
Loss after income tax expense	<u>(2,357,374)</u>	<u>(1,041,262)</u>
Gain on disposal before income tax	611,382	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>611,382</u>	<u>-</u>
Loss after income tax expense from discontinued operations	<u>(1,745,992)</u>	<u>(1,041,262)</u>

During the Coronavirus ('COVID-19') pandemic, the Group has received JobKeeper support payments from the Australian Government amounting to \$127,506 (2020: \$12,000) which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The Group was eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

Carrying amounts of assets and liabilities disposed

	Group
	2021
	\$
Cash and cash equivalents	87,196
Trade and other receivables	805,722
Accrued income	475,631
Other	15,454
Total assets	<u>1,384,003</u>
Trade and other payables	2,019,500
Total liabilities	<u>2,019,500</u>
Net liabilities	<u>(635,497)</u>

Note 9. Discontinued operations (continued)

Details of the disposal

	Group 2021 \$
Total sale consideration	2
Carrying amount of net liabilities disposed	635,497
Disposal costs	<u>(24,117)</u>
Gain on disposal before income tax	611,382
Income tax expense	<u>-</u>
Gain on disposal after income tax	<u><u>611,382</u></u>

Note 10. Cash and cash equivalents

	Group 2021 \$	Group 2020 \$
<i>Current assets</i>		
Cash at bank	<u>3,142,991</u>	<u>1,913,953</u>

Note 11. Trade and other receivables

	Group 2021 \$	Group 2020 \$
<i>Current assets</i>		
Trade receivables	1,499,382	2,224,998
Less: Allowance for expected credit losses	<u>(276,292)</u>	<u>(467,048)</u>
	<u>1,223,090</u>	<u>1,757,950</u>
Other receivables	<u>18,689</u>	<u>418,490</u>
	<u><u>1,241,779</u></u>	<u><u>2,176,440</u></u>

Allowance for expected credit losses

The Group has recognised a loss of \$95,066 (30 June 2020: recovery of \$3,197) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

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

Group	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$
Not overdue	3%	13%	258,274	1,365,444	8,300	176,354
0 to 3 months overdue	8%	23%	1,013,106	726,877	82,175	170,638
3 to 6 months overdue	54%	84%	69,898	78,670	37,567	66,298
6 to 9 months overdue	85%	98%	65,840	14,522	55,986	14,273
Over 9 months overdue	100%	100%	92,264	39,485	92,264	39,485
			<u>1,499,382</u>	<u>2,224,998</u>	<u>276,292</u>	<u>467,048</u>

Note 11. Trade and other receivables (continued)

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the COVID-19 pandemic.

Note 12. Accrued income

	Group	
	2021	2020
	\$	\$
<i>Current assets</i>		
Accrued income	781,940	1,925,793

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 13. Inventories

	Group	
	2021	2020
	\$	\$
<i>Current assets</i>		
Finished goods - at net realisable value	412,566	118,236

Note 14. Convertible notes receivable

	Group	
	2021	2020
	\$	\$
<i>Current assets</i>		
Convertible notes receivable	344,638	-
<i>Non-current assets</i>		
Convertible notes receivable	235,550	-

The current convertible note receivable from UneeQ Ltd was recorded at the principal face amount of USD\$250,000 (circa AUD\$333,650) plus accrued interest of AUD\$10,988 at 30 June 2021. The note bears interest at 6.00% per annum and matures on 8 May 2022.

The non-current convertible note receivable from Forever Holdings Ltd was recorded at the principal face amount of GBP£125,000 (circa AUD\$230,257) plus accrued interest of AUD\$5,293 at 30 June 2021. The note bears interest at 8.00% per annum and matures on 15 March 2024.

Note 15. Other assets

	Group	
	2021	2020
	\$	\$
<i>Current assets</i>		
Prepayments	183,731	223,953
Security deposits	-	8,098
Other deposits	42,782	30,554
	226,513	262,605

Note 16. Investments accounted for using the equity method

	Group	
	2021 \$	2020 \$
<i>Non-current assets</i>		
Investment in joint venture	318,833	-

On 11 November 2020, Crowd Media announced that it had entered into a 50:50 joint venture with Israeli-based VFR Assets and Holdings Ltd to co-develop a technical platform which will enable the scalable creation of "Talking Head" digital assets for use in conversational commerce. Crowd Media invested \$318,833 in the joint venture during financial year 2021. Interests in joint ventures are accounted for using the equity method of accounting.

Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Summarised financial information

	2021 \$	2020 \$
<i>Summarised statement of financial position</i>		
Current assets	-	-
Non-current assets	359,089	-
Total assets	359,089	-
Current liabilities	47,488	-
Non-current liabilities	-	-
Total liabilities	47,488	-
Net assets	311,601	-
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	-	-
Expenses	(14,464)	-
Loss before income tax	(14,464)	-
Income tax expense	-	-
Loss after income tax	(14,464)	-
Other comprehensive income	-	-
Total comprehensive income	(14,464)	-
<i>Reconciliation of the Group's carrying amount</i>		
Opening carrying amount	-	-
Share of loss after income tax	(7,232)	-
Share of other comprehensive income	-	-
Closing carrying amount	(7,232)	-

Note 17. Other financial assets

	2021	Group	2020
	\$		\$
<i>Non-current assets</i>			
Investment in Aflorithmic Labs Ltd	891,490		-
Investment in Forever Holdings Ltd	92,000		-
	<u>983,490</u>		<u>-</u>
<i>Reconciliation</i>			
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:			
Opening carrying amount	-		-
Additions	983,490		-
Revaluations	-		-
Impairment of assets	-		-
	<u>983,490</u>		<u>-</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, Crowd 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 on 30 April 2021 with the issue of 8,451,740 Crowd shares at \$0.053 and the payment of GBP£250,000 in cash. The remaining two tranches will be completed in the next financial year.

Forever Holdings Ltd

Forever Holdings 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, Crowd invested GBP£50,000 (circa AUD\$92,000) in Forever Holdings Ltd with the issue of 4,000,000 Crowd shares at \$0.023. Crowd also invested GBP£125,000 in the form of a convertible note receivable from Forever Holdings.

Note 18. Property, plant and equipment

	2021	Group	2020
	\$		\$
<i>Non-current assets</i>			
Plant and equipment - at cost	917,430		985,153
Less: Accumulated depreciation	(765,677)		(760,683)
	<u>151,753</u>		<u>224,470</u>

Note 18. Property, plant and equipment (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>Plant and equipment \$</i>
Balance at 1 July 2019	352,892
Additions	15,090
Disposals	(3,878)
Exchange differences	2,222
Depreciation expense	<u>(141,856)</u>
Balance at 30 June 2020	224,470
Additions	74,069
Disposals	(7,601)
Exchange differences	8,191
Depreciation expense	<u>(147,376)</u>
Balance at 30 June 2021	<u><u>151,753</u></u>

Note 19. Right-of-use assets

	Group	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	2,079,271	2,364,569
Less: Accumulated depreciation	<u>(580,870)</u>	<u>(413,584)</u>
	<u><u>1,498,401</u></u>	<u><u>1,950,985</u></u>

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 2019	-
Recognised on adoption of AASB 16	2,322,264
Exchange differences	38,420
Depreciation expense	<u>(409,699)</u>
Balance at 30 June 2020	1,950,985
Exchange differences	(67,867)
Depreciation expense	<u>(384,717)</u>
Balance at 30 June 2021	<u><u>1,498,401</u></u>

Note 19. Right-of-use assets (continued)

For other lease disclosures, refer to:

- note 7 for depreciation on right-of-use assets and interest on lease liabilities;
- note 24 for lease liabilities at the reporting date;
- note 30 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 20. Intangibles

	Group	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Goodwill after impairment	-	317,214
Intellectual property - at cost	1,491,480	2,715,033
Less: Accumulated amortisation	(1,362,810)	(2,617,309)
	<u>128,670</u>	<u>97,724</u>
Distribution network - at cost	-	13,600,158
Less: Accumulated amortisation	-	(8,191,961)
Less: Impairment	-	(5,408,197)
	<u>-</u>	<u>-</u>
Software - at cost	480,894	3,328,241
Less: Accumulated amortisation	(130,455)	(991,771)
Less: Impairment	-	(2,114,833)
	<u>350,439</u>	<u>221,637</u>
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	(456,900)	(456,899)
Less: Impairment	(165,000)	-
	<u>-</u>	<u>165,001</u>
Website and other intangibles - at cost	47,381	33,396
Less: Accumulated amortisation	(19,470)	(9,814)
	<u>27,911</u>	<u>23,582</u>
	<u>507,020</u>	<u>825,158</u>

Note 20. 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>Goodwill</i> \$	<i>Intellectual property</i> \$	<i>Distribution network</i> \$	<i>Software</i> \$	<i>Databases</i> \$	<i>Website and other intangibles</i> \$	<i>Total</i> \$
Balance at 1 July 2019	317,214	98,926	-	1,055	165,001	31,798	613,994
Additions	-	-	-	242,653	-	13,266	255,919
Exchange differences	-	21	-	1,574	-	251	1,846
Amortisation expense	-	(1,223)	-	(23,645)	-	(21,733)	(46,601)
Balance at 30 June 2020	317,214	97,724	-	221,637	165,001	23,582	825,158
Additions	-	30,412	-	229,771	-	6,819	267,002
Exchange differences	-	534	-	(3,764)	(1)	7,581	4,350
Impairment of assets	(317,214)	-	-	-	(165,000)	-	(482,214)
Amortisation expense	-	-	-	(97,205)	-	(10,071)	(107,276)
Balance at 30 June 2021	-	128,670	-	350,439	-	27,911	507,020

Impairment of goodwill

Due to the sale of the Q&A division during the current financial year, the historical goodwill acquired through business combinations is deemed not recoverable. As a result, an impairment expense of \$317,214 has been recognised in the statement of profit or loss and other comprehensive income during the year.

Note 21. Trade and other payables

	Group	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,099,380	1,734,562
Accrued expenses and other payables	1,142,507	1,992,839
	<u>2,241,887</u>	<u>3,727,401</u>

Refer to note 30 for further information on financial instruments.

Note 22. Deferred revenue

	Group	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Deferred revenue	109,229	85,062
	<u>109,229</u>	<u>85,062</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 23. Borrowings

	Group	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Loans payable - BillFront	-	1,671,834
Convertible notes payable - European Investments Consortium	624,743	1,233,441
	<u>624,743</u>	<u>2,905,275</u>
<i>Non-current liabilities</i>		
Convertible notes payable - European Investments Consortium (Tranche 2)	-	649,323
	<u>-</u>	<u>649,323</u>

Refer to note 30 for further information on financial instruments.

Loans payable - BillFront

The loan was repaid in full during the year.

Convertible notes payable - European Investment Consortium

On 29 August 2019, the Company entered into an agreement with a consortium of strategic investors, the European Investment Consortium, under which the members agreed, amongst other things, to subscribe for convertible notes with a face value of up to \$3.7 million via two tranches.

Tranche 1 of the European Investments Consortium convertible notes was executed on 19 December 2019. The Company raised \$1,741,000 (less associated fees and costs) and issued 1,741 convertible notes with a face value of AUD 1,000 each. The Tranche 1 notes are convertible into shares at a fixed price of \$0.018 and matured on 25 June 2021. At maturity, the 1,005 remaining notes were repaid in shares (545 notes) and cash (460 notes).

Under Tranche 2, the Company raised \$1,080,000 (less associated fees and costs) and issued 1,080 convertible notes with a face value of AUD 1,000 each on 31 January 2020. The Tranche 2 notes are convertible into shares at a fixed price of \$0.02 and mature on 18 December 2021. At 30 June 2021, 650 Tranche 2 notes were outstanding and 430 notes had been converted into shares. The fair value of the conversion right of the notes is recorded as a reserve within equity.

The fair value of the conversion right of the notes is recorded as a reserve within equity.

Total secured liabilities

The total secured liabilities are as follows:

	Group	
	2021	2020
	\$	\$
Loans payable - BillFront	-	1,671,834
Convertible notes payable - European Investment Consortium	624,743	1,882,764
	<u>624,743</u>	<u>3,554,598</u>

Note 24. Lease liabilities

	Group	
	2021 \$	2020 \$
<i>Current liabilities</i>		
Lease liability	<u>287,234</u>	<u>285,433</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,276,698</u>	<u>1,713,504</u>

Refer to note 30 for further information on financial instruments.

Note 25. Employee benefits

	Group	
	2021 \$	2020 \$
<i>Current liabilities</i>		
Employee benefits	<u>43,163</u>	<u>13,427</u>

Note 26. Issued capital

	Group			
	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>620,030,418</u>	<u>384,016,015</u>	<u>40,052,021</u>	<u>31,599,781</u>

Note 26. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	241,265,666		28,720,072
Issue of shares on conversion of convertible notes	8 July 2019	7,981,744	\$0.014	110,858
Issue of shares on conversion of convertible notes	27 August 2019	7,918,582	\$0.015	115,453
Issue of shares on conversion of convertible notes	2 September 2019	4,246,139	\$0.017	71,405
Issue of shares as consideration for corporate and other advisory services	15 October 2019	8,514,488	\$0.018	153,261
Issue of shares as consideration for corporate and other advisory services	6 December 2019	576,889	\$0.018	10,384
Issue of shares on conversion of convertible notes	13 December 2019	12,555,556	\$0.018	226,000
Issue of shares in lieu of interest	13 December 2019	241,333	\$0.025	6,126
Issue of shares as consideration for corporate and other advisory services	30 January 2020	4,752,000	\$0.020	95,040
Issue of shares on convertible note conversion	30 January 2020	277,778	\$0.018	5,000
Issue of shares in lieu of interest	30 January 2020	9,002	\$0.021	189
Issue of shares on convertible note conversion	27 March 2020	4,750,000	\$0.020	95,000
Issue of shares in lieu of interest	27 March 2020	130,848	\$0.018	2,395
Issue of shares on convertible note conversion	20 April 2020	5,555,556	\$0.018	100,000
Issue of shares on convertible note conversion	20 April 2020	4,250,000	\$0.020	85,000
Issue of shares in lieu of interest	20 April 2020	478,205	\$0.019	8,990
Issue of shares on convertible note conversion	1 May 2020	3,611,111	\$0.018	65,000
Issue of shares in lieu of interest	1 May 2020	208,205	\$0.020	4,185
Issue of shares on convertible note conversion	11 June 2020	1,111,111	\$0.018	20,000
Issue of shares on convertible note conversion	11 June 2020	8,000,000	\$0.020	160,000
Issue of shares in lieu of interest	11 June 2020	292,808	\$0.024	7,027
Issue of shares in lieu of interest	11 June 2020	78,994	\$0.026	2,030
Issue of shares on capital raising	17 June 2020	5,000,000	\$0.030	150,000
Issue of shares on capital raising	26 June 2020	62,210,000	\$0.025	1,555,250
Less: share issue transaction costs		-	\$0.000	(168,884)
Balance	30 June 2020	<u>384,016,015</u>		<u>31,599,781</u>

Note 26. Issued capital (continued)

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	384,016,015		31,599,781
Issue of shares on exercise of performance rights	17 August 2020	1,476,382	\$0.000	-
Issue of shares in lieu of interest	3 September 2020	59,361	\$0.027	1,603
Issue of shares as part as subscription agreement with Forever Holdings Limited	11 September 2020	4,000,000	\$0.023	92,000
Issue of shares as consideration for commission and facilitation payments	1 October 2020	430,535	\$0.020	8,611
Issue of shares on conversion of convertible notes	6 November 2020	1,500,000	\$0.020	30,000
Issue of shares on exercise of options	6 November 2020	80,000	\$0.040	3,200
Issue of shares on exercise of options	6 November 2020	3,000,000	\$0.030	90,000
Issue of shares on exercise of options	16 November 2020	12,160,223	\$0.030	364,807
Issue of shares on exercise of options	16 November 2020	11,560,286	\$0.040	462,411
Issue of shares on conversion of convertible notes	16 November 2020	8,333,333	\$0.018	150,000
Issue of shares on exercise of options	16 November 2020	144,658	\$0.037	5,425
Issue of shares on conversion of convertible notes	16 November 2020	500,000	\$0.020	10,000
Issue of shares on conversion of convertible notes	16 November 2020	7,981	\$0.046	367
Issue of shares as consideration for consulting fees for investor relations services	18 November 2020	1,950,000	\$0.050	97,500
Issue of shares	19 November 2020	35,479,037	\$0.058	2,057,784
Issue of shares	19 November 2020	44,520,963	\$0.044	1,942,215
Issue of shares on conversion of convertible notes	19 November 2020	2,500,000	\$0.020	50,000
Issue of shares on exercise of options	19 November 2020	2,000,000	\$0.030	60,000
Issue of shares on exercise of options	19 November 2020	74,000	\$0.040	2,960
Issue of shares on exercise of options	3 December 2020	2,222,222	\$0.030	66,667
Issue of shares on exercise of options	3 December 2020	610,000	\$0.040	24,400
Issue of shares on exercise of options	13 January 2021	3,117,475	\$0.040	124,699
Issue of shares on exercise of options	13 January 2021	9,416,667	\$0.030	282,500
Issue of shares on conversion of convertible notes	13 January 2021	9,444,445	\$0.018	170,000
Issue of shares on exercise of options	27 January 2021	1,271,858	\$0.040	50,874
Issue of shares on exercise of options	27 January 2021	500,000	\$0.030	15,000
Issue of shares on exercise of options	27 January 2021	3,000,000	\$0.050	150,000
Issue of shares in lieu of interest	27 January 2021	100,221	\$0.050	5,041
Issue of shares	1 February 2021	32,000,000	\$0.050	1,600,000
Issue of shares	23 February 2021	1,666,667	\$0.030	50,000
Issue of shares	23 February 2021	1,958,571	\$0.040	78,343
Issue of shares on exercise of options	24 March 2021	500,000	\$0.030	15,000
Issue of shares on exercise of options	30 April 2021	1,700,000	\$0.030	51,000
Issue of shares as part of agreement with Aflorithmic Labs Ltd	30 April 2021	8,451,740	\$0.053	447,942
Issue of shares on conversion of convertible notes	28 June 2021	30,277,778	\$0.018	545,000
Deregistration and sale of subsidiaries		-	\$0.000	(14,536)
Less: share issue transaction costs		-	\$0.000	(638,573)
Balance	30 June 2021	<u>620,030,418</u>		<u>40,052,021</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. 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.

Note 26. Issued capital (continued)

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.

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 Group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2020 Annual Report.

Note 27. Reserves

	Group	
	2021	2020
	\$	\$
Foreign currency reserve	422,889	307,038
Share-based payments reserve	5,515,084	5,115,887
Convertible note optionality reserve	248,674	308,261
	<u>6,186,647</u>	<u>5,731,186</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.

Convertible note optionality reserve

The reserve is used to recognise the value of the optionality component of the convertible note over the life of the facility.

Note 28. Accumulated losses

	Group	
	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(34,749,192)	(32,834,632)
Loss after income tax (expense)/benefit for the year	(6,235,508)	(1,914,560)
Cancellation of share capital of subsidiaries on deregistration of entities	(2,520)	-
	<u>(40,987,220)</u>	<u>(34,749,192)</u>

Note 29. Dividends

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

Note 30. 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	
	2021	2020	2021	2020
Australian dollars				
United Kingdom Sterling	0.5547	0.5324	0.5434	0.5578
European Union Euros	0.6257	0.6068	0.6322	0.6124
United States Dollars	0.7470	0.6711	0.7500	0.6876
Hungarian Forint	223.6053	204.4948	222.2716	217.5790

Note 30. Financial instruments (continued)

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	
	2021 \$	2020 \$	2021 \$	2020 \$
Australian Dollar	2,896,596	1,985,312	1,024,643	4,368,805
Euros	1,978,095	3,194,095	3,068,665	3,678,075
Pound Sterling	133,026	275,829	143,948	76,570
United States Dollar	193,014	141,812	245,906	308,018
Mexican Peso	14,590	20,139	3,261	-
Turkish Lira	112,146	98,841	13,829	21,434
South African Rand	1,703	-	237	-
Hungarian Forint	195	39,272	-	(519)
Other	94,949	309,443	93,536	1,079,868
	<u>5,424,314</u>	<u>6,064,743</u>	<u>4,594,025</u>	<u>9,532,251</u>

Sensitivity analysis

Group - 2021	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity	Effect on equity			
United Kingdom Sterling	5%	(4,579)	(4,579)	5%	4,579	4,579
European Union Euros	5%	7,832	7,832	5%	(7,832)	(7,832)
Other currencies	5%	27,434	27,434	5%	(27,434)	(27,434)
		<u>30,687</u>	<u>30,687</u>		<u>(30,687)</u>	<u>(30,687)</u>

Group - 2020	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity	Effect on equity			
United Kingdom Sterling	5%	55,343	55,343	5%	(55,343)	(55,343)
European Union Euros	5%	74,645	74,645	5%	(74,645)	(74,645)
Other currencies	5%	136,474	136,474	5%	(136,474)	(136,474)
		<u>266,462</u>	<u>266,462</u>		<u>(266,462)</u>	<u>(266,462)</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 is not exposed to any significant price risk.

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.

Note 30. Financial instruments (continued)

As at the reporting date, the Group had the following borrowings:

Group	2021		2020	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Loans payable - BillFront	-	-	11.25%	1,671,834
Convertible notes payable - European Investment Consortium	10.00%	624,743	10.00%	1,882,764
Net exposure to cash flow interest rate risk		624,743		3,554,598

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

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. As disclosed in note 11, due to the Coronavirus (Covid-19) pandemic, the calculation of expected credit losses and loss rates has been revised as at 30 June 2021.

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 2021 or 30 June 2020.

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.

Note 30. Financial instruments (continued)

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.

	<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> \$
Group - 2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,099,380	-	-	-	1,099,380
Accrued expenses and other payables	-	1,142,507	-	-	-	1,142,507
<i>Interest-bearing - variable</i>						
Lease liability	-	287,234	308,513	968,185	-	1,563,932
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable - European Investment Consortium	10.00%	624,743	-	-	-	624,743
Total non-derivatives		3,153,864	308,513	968,185	-	4,430,562
Group - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,734,562	-	-	-	1,734,562
Accrued expenses and other payables	-	1,992,839	-	-	-	1,992,839
<i>Interest-bearing - variable</i>						
Lease liability	-	285,433	713,964	999,540	-	1,998,937
Loans payable - BillFront	11.25%	1,824,661	-	-	-	1,824,661
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	10.00%	1,417,434	683,991	-	-	2,101,425
Total non-derivatives		7,254,929	1,397,955	999,540	-	9,652,424

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

Note 31. 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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	\$	\$	\$	\$
Group - 2021				
<i>Assets</i>				
Convertible notes receivable	-	-	580,188	580,188
Total assets	-	-	580,188	580,188
<i>Liabilities</i>				
Convertible notes payable	-	-	624,743	624,743
Total liabilities	-	-	624,743	624,743
Group - 2020				
<i>Liabilities</i>				
Loans payable	-	-	1,671,827	1,671,827
Convertible notes payable	-	-	1,882,764	1,882,764
Total liabilities	-	-	3,554,591	3,554,591

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 have been valued using a discounted cash flow model.

Note 31. 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:

	Convertible loans receivable		Loans payable		Convertible notes payable		Total
	UneeQ Ltd	Forever Holdings Ltd	NTH Mobile Limited	BillFront	Obsidian	European Investments Consortium	
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	-	-	(418,397)	(2,169,032)	(556,887)	-	(3,144,316)
Additions	-	-	-	-	-	(2,523,991)	(2,523,991)
Change in derivative liability fair value	-	-	-	-	(303,902)	-	(303,902)
Repayments	-	-	418,397	492,207	563,071	-	1,473,675
Conversions	-	-	-	-	297,718	641,227	938,945
Foreign currency translation movement	-	-	-	4,998	-	-	4,998
Balance at 30 June 2020	-	-	-	(1,671,827)	-	(1,882,764)	(3,554,591)
Additions	344,638	235,550	-	-	-	-	580,188
Change in derivative liability fair value	-	-	-	-	-	-	-
Repayments	-	-	-	1,671,827	-	460,000	2,131,827
Conversions	-	-	-	-	-	798,021	798,021
Foreign currency translation movement	-	-	-	-	-	-	-
Balance at 30 June 2021	<u>344,638</u>	<u>235,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(624,743)</u>	<u>(44,555)</u>

Note 32. 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	
	2021	2020
	\$	\$
Short-term employee benefits	1,098,958	1,274,387
Post-employment benefits	3,325	9,263
Termination benefits	-	60,281
Share-based payments	164,382	153,227
	<u>1,266,665</u>	<u>1,497,158</u>

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

Note 33. 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:

	2021	Group	2020
	\$		\$
<i>Audit services - RSM Australia Partners</i>			
Audit or review of the financial statements	<u>108,000</u>		<u>118,000</u>

Note 34. Related party transactions

Parent entity

Crowd Media Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Joint ventures

Interests in joint ventures are set out in note 16.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the directors' report.

Note 34. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2021 \$	Group 2020 \$
<i>Payment for services:</i>		
Boardroom Pty Limited (Former Director S. Karzis is the General Manager of Corporate Counsel Pty Ltd, a subsidiary of Boardroom) provided professional registry and corporate secretarial services to Crowd Media Holdings Ltd. Amounts reported are until resignation as a director by S. Karzis on 10 February 2020.	-	63,018
Compensation paid to Sophie Karzis, Former Director and legal counsel, via monies paid to her company, Corporate Counsel Pty Ltd.	-	32,979
Wholesale Investor Pty Ltd (Director D. Carosa is a 7% shareholder) provided investor promotions services to Crowd Media Holdings Ltd.	6,000	6,000
Mish Guru Limited (Director D. Carosa is a 0.25% shareholder) provided marketing services to Crowd Media Holdings Limited subsidiaries.	-	5,874
<i>Other expense/(receipt) transactions:</i>		
Dominet Digital Corporation Pty Ltd (a Carosa vendor) paid Crowd Media Holdings Ltd for office space rented, at cost, which was partially offset by payments made to Dominet for virtual PA services and mobile phone reimbursement, at cost.	(5,196)	(120)
Global Internet Ventures Pty Ltd (Director D. Carosa is a 15% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	(118,714)	(111,010)
Kindy Now Pty Ltd (Director D. Carosa is a 7.74% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	-	(20,819)
Lab Brands Ltd (Director S. Schapera is a Director and CEO) supplied products and services to Crowd Media Holdings Ltd relating to the selling of London Labs products in the Direct-to-Consumer division.	24,356	16,551
Invincible Brands Lifestyle Services GmbH (Director S. Schapera is a Non-Executive Director) paid Crowd Media Holdings Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by Crowd.	(254,159)	(224,082)

Note 34. 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:

	2021 \$	Group	2020 \$
<i><u>Current receivables:</u></i>			
Kindy Now Pty Ltd (Director D. Carosa is a 7.74% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	-		13,585
<i><u>Current payables:</u></i>			
Payable to Boardroom Pty Limited for professional registry and corporate secretarial services to Crowd Media Holdings Limited	-		11,129
Dominet Digital Corporation Pty Ltd (a Carosa vendor) paid Crowd Media Holdings Ltd for office space rented, at cost, which was partially offset by payments made to Dominet for virtual PA services and mobile phone reimbursement, at cost.	-		832
Lab Brands Ltd (Director S. Schapera is a Director and CEO) supplied products and services to Crowd Media Holdings Ltd relating to the selling of London Labs products in the Direct-to-Consumer division	8,057		16,551
Invincible Brands Lifestyle Services GmbH (Director S. Schapera is a Non-Executive Director) paid Crowd Media Holdings Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by Crowd.	46,002		12,646
<i><u>Other liabilities:</u></i>			
Director S. Schapera held 500 Tranche 2 convertible notes issued by Crowd Media Holdings Ltd at 30 June 2021 (refer note 23).	480,572		904,182
Director D. Carosa held 500 Tranche 2 convertible notes issued by Crowd Media Holdings Ltd at 30 June 2021 (refer note 23).	48,057		87,746
Director R. Quandt held 185 Tranche 1 convertible notes issued by Crowd Media Holdings Ltd at 30 June 2020.	-		172,216

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 35. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Profit after income tax	8,093,478	180,323
Total comprehensive income	8,093,478	180,323

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	10,881,434	16,805,657
Total assets	24,427,262	33,846,192
Total current liabilities	1,017,031	23,355,463
Total liabilities	1,017,031	24,113,317
Equity		
Issued capital	99,302,825	90,836,049
Foreign currency reserve	930,825	1,063,333
Share-based payments reserve	5,770,813	5,371,616
Convertible note optionality reserve	248,674	308,261
Accumulated losses	(82,842,906)	(87,846,384)
Total equity	<u>23,410,231</u>	<u>9,732,875</u>

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 2021 and 30 June 2020.

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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.
- 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 36. 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	
		2021 %	2020 %
Bongo Operations Pty Ltd **	Australia	-	100%
Bongo IP Pty Ltd *	Australia	100%	100%
Global AQA Pty Ltd **	Australia	-	100%
Global AQA IP Pty Ltd	Australia	100%	100%
Buddy Operations Pty Ltd **	Australia	-	100%
Buddy IP Pty Ltd	Australia	100%	100%
Crowd Mobile IP Pty Ltd ***	Australia	-	100%
Crowd Media Australia Pty Ltd ***	Australia	-	100%
Bongo Europe Pty Ltd ***	Australia	-	100%
Digital Global Marketing Pty Ltd	Australia	100%	100%
Q Share Plan Pty Limited ***	Australia	-	100%
Crowd Mobile EU Kft ***	Europe	-	100%
Crowd Media (Global) UK Ltd	United Kingdom	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 QA Operations B.V. **	The Netherlands	-	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%

* Bongo IP Pty Ltd owns 1% of Crowd Mobile Co-Operatief U.A.
 ** Entity was divested during 2021 as part of the sale of the Q&A division
 *** Dormant entity closed during 2021

Note 37. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	2021	Group	2020
	\$		\$
Loss after income tax (expense)/benefit for the year	(6,235,508)		(1,914,560)
Adjustments for:			
Depreciation and amortisation	639,219		598,156
Impairment of non-current assets	762,637		-
Share of loss - joint ventures	7,232		-
Share-based payments	399,197		302,488
Change in derivative liability fair value	-		303,902
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	157,226		(6,313)
Decrease in accrued income	668,222		826,507
Increase in inventories	(294,330)		(118,236)
Decrease/(increase) in income tax refund due	471,974		(137,899)
Decrease/(increase) in deferred tax assets	2,244,437		(664,518)
Decrease in prepayments	40,222		17,374
Decrease/(increase) in other operating assets	(592,416)		36,445
Increase/(decrease) in trade and other payables	714,866		(366,011)
Increase/(decrease) in deferred revenue	24,167		(91,283)
Decrease in derivative liabilities	-		(152,467)
Increase/(decrease) in employee benefits	29,736		(32,671)
Decrease in other provisions	(141,779)		(398,058)
Decrease in other operating liabilities	(57,373)		-
Net cash used in operating activities	<u>(1,162,271)</u>		<u>(1,797,144)</u>

Note 37. Cash flow information (continued)

Changes in liabilities arising from financing activities

Group	Loans payable		Convertible notes payable		Lease liabilities	Total
	NTH Mobile Limited	BillFront	Obsidian	European Investment Consortium		
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	418,397	2,169,032	556,887	-	-	3,144,316
Net cash from/(used in) financing activities	(418,397)	(497,198)	(563,071)	2,821,000	(323,327)	1,019,007
Leases recognised on adoption of AASB 16 (note 2)	-	-	-	-	2,322,264	2,322,264
Conversions	-	-	(297,718)	(641,227)	-	(938,945)
Change in derivative liability fair value	-	-	303,902	-	-	303,902
Conversion option recorded in equity	-	-	-	(297,009)	-	(297,009)
Balance at 30 June 2020	-	1,671,834	-	1,882,764	1,998,937	5,553,535
Net cash used in financing activities	-	(1,647,416)	-	(460,000)	(435,005)	(2,542,421)
Conversions	-	-	-	(798,021)	-	(798,021)
Exchange differences	-	(24,418)	-	-	-	(24,418)
Balance at 30 June 2021	-	-	-	624,743	1,563,932	2,188,675

Note 38. Earnings per share

	Group	
	2021	2020
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	(4,489,516)	(873,298)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	495,709,555	280,020,911
Weighted average number of ordinary shares used in calculating diluted earnings per share	495,709,555	280,020,911
	Cents	Cents
Basic earnings per share	(0.91)	(0.31)
Diluted earnings per share	(0.91)	(0.31)
	Group	Group
	2021	2020
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	(1,745,992)	(1,041,262)

Note 38. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	495,709,555	280,020,911
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>495,709,555</u>	<u>280,020,911</u>
	Cents	Cents
Basic earnings per share	(0.35)	(0.37)
Diluted earnings per share	(0.35)	(0.37)
	Group	
	2021	2020
	\$	\$

Earnings per share for loss

Loss after income tax attributable to the owners of Crowd Media Holdings Limited	<u>(6,235,508)</u>	<u>(1,914,560)</u>
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	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	495,709,555	280,020,911
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>495,709,555</u>	<u>280,020,911</u>
	Cents	Cents
Basic earnings per share	(1.26)	(0.68)
Diluted earnings per share	(1.26)	(0.68)

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 39. Share-based payments

Options

Debt refinancing plan options

As part of the debt refinancing plan in the year ended 30 June 2019, 2,000,000 options were issued to entities associated with JGB (Cayman) Newton Ltd ('JGB').

Consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 8,514,488 options to Starland Management Pty Ltd, and on 30 January 2020 a further 4,752,000 options were granted, in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd. On 1 October 2020, 7,500,000 options were granted to Perpetual Capital Investments Pty Ltd in consideration for corporate advisory and consulting services provided by Perpetual Capital Management Pty Ltd.

Investor Relations consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 10,000,000 Investor Relations consultant options in consideration for investor relations services provided by its investor relations consultant, DGWA, the German Institute for Asset and Equity Allocation and Valuation 'Deutsche Gesellschaft für Wertpapieranalyse GmbH'.

Executive Share Options Plan ('ESOP')

The ESOP established by the Group and approved by shareholders at a general meeting, granted 26,000,000 options over ordinary shares in the Company to certain key management personnel (and Directors) of the Group. The options were granted in accordance with performance guidelines established by the Board.

Note 39. Share-based payments (continued)

Set out below are summaries of options granted:

2021							
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
02/04/2019	02/04/2022	\$0.050	2,000,000	-	-	-	2,000,000
06/12/2019	06/12/2021	\$0.030	576,889	-	(576,889)	-	-
06/12/2019	06/12/2021	\$0.030	8,514,488	-	-	-	8,514,488
06/12/2019	06/12/2021	\$0.050	5,000,000	-	(3,000,000)	-	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	11,700,000	-	(1,700,000)	-	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>49,243,377</u>	<u>7,500,000</u>	<u>(5,276,889)</u>	-	<u>51,466,488</u>

2020							
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
02/04/2019	02/04/2022	\$0.050	2,000,000	-	-	-	2,000,000
06/12/2019	06/12/2021	\$0.030	-	576,889	-	-	576,889
06/12/2019	06/12/2021	\$0.030	-	8,514,488	-	-	8,514,488
06/12/2019	06/12/2021	\$0.050	-	5,000,000	-	-	5,000,000
06/12/2019	06/12/2021	\$0.100	-	5,000,000	-	-	5,000,000
13/12/2019	13/12/2022	\$0.030	-	13,000,000	-	(1,300,000)	11,700,000
13/12/2019	13/12/2022	\$0.050	-	6,500,000	-	(650,000)	5,850,000
13/12/2019	13/12/2022	\$0.070	-	6,500,000	-	(650,000)	5,850,000
30/01/2020	31/12/2023	\$0.030	-	4,752,000	-	-	4,752,000
			<u>2,000,000</u>	<u>49,843,377</u>	-	<u>(2,600,000)</u>	<u>49,243,377</u>

Performance rights

On 17 December 2014, 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 31 July 2019, the Company agreed to issue 11,000,000 PRs to employees, excluding the directors and CEO. On 18 December 2019, the Board approved to modify the conditions of the performance rights as follows:

- 1-year performance rights: 20% of the performance rights (2,200,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2020. For employees that met the vesting conditions, the 1-year performance rights were exercised in August 2020.
- 2-year performance rights: 30% of the performance rights (3,300,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2021. For employees that met the vesting conditions, the 1-year performance rights were exercised in August 2021.
- 3-year performance rights: 50% of the performance rights (5,500,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2022.
- Any extenuating circumstances regarding continuous employment are subject to Board approval.

Note 39. Share-based payments (continued)

On 5 November 2020, the Company agreed to issue 4,500,000 PRs to employees, excluding the directors and CEO. The conditions of the performance rights are as follows:

- 1-year performance rights: 20% of the performance rights (900,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2021. For employees that met the vesting conditions, the 1-year performance rights were exercised in August 2021.
- 2-year performance rights: 30% of the performance rights (1,350,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2022.
- 3-year performance rights: 50% of the performance rights (2,250,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2023.
- Any extenuating circumstances regarding continuous employment are subject to Board approval.

Set out below are summaries of performance rights granted:

2021		Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Grant date	Expiry date					
18/12/2019	30/06/2020	2,200,000	-	(2,200,000)	-	-
18/12/2019	30/06/2021	3,300,000	-	-	-	3,300,000
18/12/2019	30/06/2022	5,500,000	-	-	-	5,500,000
05/11/2020	30/06/2021	-	900,000	-	-	900,000
05/11/2020	30/06/2022	-	1,350,000	-	-	1,350,000
05/11/2020	30/06/2023	-	2,250,000	-	-	2,250,000
		11,000,000	4,500,000	(2,200,000)	-	13,300,000

2020		Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Grant date	Expiry date					
18/12/2019	30/06/2020	-	2,200,000	-	-	2,200,000
18/12/2019	30/06/2021	-	3,300,000	-	-	3,300,000
18/12/2019	30/06/2022	-	5,500,000	-	-	5,500,000
		-	11,000,000	-	-	11,000,000

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:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/10/2020	30/09/2023	\$0.025	\$0.030	94.00%	-	1.04%	\$0.0138

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:

Grant date	Expiry date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/11/2020	30/06/2021	\$0.040	-	-	-	\$0.0400
05/11/2020	30/06/2022	\$0.040	-	-	-	\$0.0400
05/11/2020	30/06/2023	\$0.040	-	-	-	\$0.0400

Note 40. Events after the reporting period

On 16 August 2021, the Company announced the appointment of Mr Idan Schmorak as Chief Executive Officer of the Company with effect from 20 September 2021. Idan currently serves as the Director of Business Development at VFR Holdings, an Israeli-based start-up incubator and investment firm. In this position, he has been tasked with driving growth in products and services, increasing sales revenue and leading the marketing function across a number of company-owned ventures, including leading the “Talking Head” team as part of the VFR joint venture with Crowd Media.

On 13 August 2021, the Company issued 2,003,065 fully paid ordinary shares on conversion of performance rights and 200,765 fully paid ordinary shares in lieu of interest paid on the Tranche 2 convertible notes.

No other matter or circumstance has arisen since 30 June 2021 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.

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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 2021 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



Steven Schapera
Chairman

27 August 2021
Melbourne

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INDEPENDENT AUDITOR'S REPORT To the Members of Crowd Media Holdings Limited

Opinion

We have audited the financial report of Crowd Media Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2021, 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 2021 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
Recognition of Revenue and Accrued Revenue Refer to Note 5 in the financial statements	
<p>The Group's revenue relates to the sale of information and entertainment content services for mobile phones and tablets, and direct to consumer product sales and/or services.</p> <p>Total revenue (continued operations) for the year ended 30 June 2021 was \$7m and accrued revenue of \$0.8m, which is material to the financial statements. We have considered the recognition of revenue due to its size and magnitude in the financial statements.</p> <p>The nature and timing of recognition of accrued revenue at year-end involves management judgement and is complex.</p> <p>We have considered the recognition of revenue and the associated accrued revenue as a key audit matter because of the reasons above.</p>	<p>Our key audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Obtaining a detailed understanding of the processes and internal controls associated with the capture and recording of revenue; • Assessing whether the Group's revenue recognition policies were in compliance with <i>AASB 15 Revenue from Contracts with Customers</i>; • On a sample basis, vouching to supporting contracts and third-party reports of sales data to revenue recognised; • Comparing accrued revenue to subsequent third-party reports and funds received; and • Checking the accuracy of valuation of foreign currency transactions recorded.
AASB 9 – Expected Credit Loss Refer to Note 11 in the financial statements	
<p>As at 30 June 2021, gross trade receivables amounted to \$1.5m (2020: \$2.2m), and the allowance for impairment of accounts receivables amounted to \$0.3m (2020: \$0.5m).</p> <p>The Group's management has applied a simplified ECL model to determine the allowance for impairment of trade receivables. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's history of a collection of trade receivables.</p> <p>We considered this a key audit matter as the ECL is highly subjective and requires management to make significant judgements, assumptions and estimates involved in the application of the expected credit loss model.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessing the valuation methodology used; • Verifying whether the ECL model developed by management is consistent with the requirements of AASB 9; • Testing the accuracy and completeness of underlying data used in the model and the mathematical accuracy of the computation of ECL; • Testing key assumptions and judgments, such as those used to calculate the likelihood of default and loss on default by comparing to historical data, as well as the appropriateness of forward-looking factors (macroeconomic factors) used to determine ECL's; and • Assessing whether the disclosures in the financial statements are adequate.

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Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Discontinued Operations Refer to Note 9 in the financial statements	
<p>During the financial year, the Group sold its Mobile Premium SMS (Q&A) business for a nominal amount.</p> <p>Losses for the period from discontinued operations of \$1.8m (2020: \$1m) have been separately disclosed on the face of the statement of profit or loss and other comprehensive income in the current year and prior year results.</p> <p>We considered this to be a key audit matter due to the:</p> <ul style="list-style-type: none"> Quantum of loss from discontinued operations that directly impact the consolidated statement of profit or loss and other comprehensive income; and Judgement involved in considering whether assets are impaired. 	<p>Our key audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> Reviewing the share sale agreement to understand the transaction including the consideration received and the related accounting considerations; Assessing the adequacy of any impairment raised and ensuring that it was accurately accounted for; and Evaluating the adequacy of the financial statements disclosures is in accordance with the accounting standards.

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 2021 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.

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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 the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Crowd Media Holdings Limited, for the year ended 30 June 2021, 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



M PARAMESWARAN

Partner

Dated: 27 August 2021

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 17 August 2021 ('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 Crowd Media's website, https://investor.crowdmedia.com/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 Crowd Media 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 Crowd Media Holdings Limited's Website.

Substantial shareholders

	<i>Number held No.</i>	<i>Percentage of total shares on issue %</i>
CAROSA CORPORATION BV	32,330,653	5.20%

Distribution of equity securities

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

	<i>Number of holders No.</i>
Fully paid ordinary shares	2,332
Options exercisable at \$0.03 each on or before 6 December 2021	1
Options exercisable at \$0.03 each on or before 31 December 2021	14
Options exercisable at \$0.03 each on or before 13 December 2022	3
Options exercisable at \$0.03 each on or before 31 December 2023	9
Options exercisable at \$0.03 each on or before 30 September 2023	1
Options exercisable at \$0.05 each on or before 6 December 2021	1
Options exercisable at \$0.04 each on or before 11 September 2022	36
Options exercisable at \$0.05 each on or before 13 December 2022	3
Options exercisable at \$0.07 each on or before 13 December 2022	3
Options exercisable at \$0.10 each on or before 25 March 2023	156
Options exercisable at \$0.10 each on or before 6 December 2021	1
Convertible notes – Tranche 2 maturing on 18 December 2021	3
Performance rights vesting on 30 June 2022	16
Performance rights vesting on 30 June 2023	3

Distribution of ordinary shareholders

	<i>Holders No.</i>	<i>Total units No.</i>	<i>Percentage of total shares %</i>
Holdings ranges:			
1 to 1,000	93	7,483	-
1,001 to 5,000	69	233,178	0.040
5,001 to 10,000	267	2,393,367	0.380
10,001 to 100,000	1,261	53,456,594	8.590
100,001 and over	642	566,143,625	90.990
	<u>2,332</u>	<u>622,234,247</u>	<u>100.000</u>

Distribution of option holders

	<i>Holders No.</i>	<i>Total options No.</i>	<i>Percentage of total options No.</i>
Holdings ranges:			
1 to 1,000	1	286	-
1,001 to 5,000	2	9,676	0.005
5,001 to 10,000	4	29,997	0.015
10,001 to 100,000	87	5,034,544	2.573
100,001 and over	135	190,602,573	97.407
	<u>229</u>	<u>195,677,076</u>	<u>100.000</u>

Distribution of convertible notes

	<i>Holders of convertible notes No.</i>
Holdings ranges:	
1 to 1,000	3
1,001 to 5,000	-
5,001 to 10,000	-
10,001 to 100,000	-
100,001 and over	-
	<u>3</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:

<i>Total shares No.</i>	<i>UMP shares No.</i>	<i>UMP holders No.</i>	<i>Percentage of issued shares held by UMP holders %</i>
622,234,247	6,136,472	679	0.98

Quoted securities

Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being 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	
	Number held	% of total shares issued
CAROSA CORPORATION BV	32,330,653	5.196
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	22,099,197	3.552
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD (DRP A/C)	20,896,700	3.358
D S A H HOLDINGS PTY LTD	18,484,045	2.971
818 CORPORATE PTY LTD (818 A/C)	16,250,000	2.612
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE (THE MANDY SUPER FUND A/C)	12,500,000	2.009
10 BOLIVIANOS PTY LTD	10,444,654	1.679
NATIONAL NOMINEES LIMITED (DB A/C)	10,277,778	1.652
MR RENE RATH	8,792,570	1.413
MR HENDRIKUS ANTONIUS JOHANNES KUSTERS	8,792,570	1.413
AFLORITHMIC LABS LTD	8,451,740	1.358
MAESTRO CAPITAL PTY LTD (MAESTRO CAPITAL SUPER A/C)	8,283,313	1.331
MR DIMCE NASTOVSKI (BRANDON NASTOVSKI A/C)	8,097,005	1.301
MR NICOLA LUCANO	7,799,989	1.254
MR NOEL RUSSELL CAMERON & DR BELINDA CAROLINE GOAD (NOEL CAMERON SUPER FUND A/C)	6,841,176	1.099
DRISCOLL FUTURE PTY LTD (DRISCOLL SUPER FUND A/C)	6,603,400	1.061
PERPETUAL CAPITAL INVESTMENTS PTY LTD	6,542,188	1.051
MR ROBERT GEMELLI	6,461,039	1.038
MUTUAL TRUST PTY LTD	5,807,598	0.933
CITICORP NOMINEES PTY LIMITED	5,500,504	0.884
	<u>231,256,119</u>	<u>37.165</u>
Total remaining holders balance	<u>390,978,128</u>	<u>62.835</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 6 December 2021	8,514,488	1
Options exercisable at \$0.03 each on or before 31 December 2021	49,277,778	14
Options exercisable at \$0.03 each on or before 13 December 2022	10,000,000	3
Options exercisable at \$0.03 each on or before 30 September 2023	7,500,000	1
Options exercisable at \$0.03 each on or before 31 December 2023	17,252,000	9
Options exercisable at \$0.04 each on or before 11 September 2022	12,432,810	36
Options exercisable at \$0.05 each on or before 6 December 2021	2,000,000	1
Options exercisable at \$0.05 each on or before 2 April 2022	2,000,000	1
Options exercisable at \$0.05 each on or before 13 December 2022	5,850,000	3
Options exercisable at \$0.07 each on or before 13 December 2022	5,850,000	3
Options exercisable at \$0.07 each on or before 25 March 2023	70,000,000	156
Options exercisable at \$0.10 each on or before 6 December 2021	5,000,000	1
Convertible notes – Tranche 2 maturing on 18 December 2021	650	3
Performance rights vesting on 30 June 2021	4,200,000	13
Performance rights vesting on 30 June 2022	6,850,000	10
Performance rights vesting on 30 June 2023	2,250,000	3

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 6 December 2021: 8,514,488 are held by 818 Corporate Pty Ltd.
- Options exercisable at \$0.03 each on or before 31 December 2021: 20,000,000 are held by Namaqua Holdings Ltd and 10,277,778 are held by JCL Investments GMBH.
- Options exercisable at \$0.03 each on or before 13 December 2022: 4,550,000 are held by JCL Investments GMBH and 4,550,000 are held by Namaqua Holdings Ltd.
- 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.
- Options exercisable at \$0.05 each on or before 6 December 2021: 2,000,000 are held by Stefan Muller.
- Options exercisable at \$0.05 each on or before 2 April 2022: 1,136,541 are held by JGB Partners LP; 746,162 are held by JGB Capital Offshore Ltd.
- Options exercisable at \$0.05 each on or before 13 December 2022: 2,275,000 are held by JCL Investments GMBH; 2,275,000 are held by Namaqua Holdings Ltd; and 1,300,000 are held by Dominet Digital Investments Pty Ltd (Dominet Digital Inves Fam AC).
- Options exercisable at \$0.07 each on or before 13 December 2022: 2,275,000 are held by JCL Investments GMBH; 2,275,000 are held by Namaqua Holdings Ltd; and 1,300,000 are held by Dominet Digital Investments Pty Ltd (Dominet Digital Inves Fam AC).
- Options exercisable at \$0.10 each on or before 6 December 2021: 5,000,000 are held by Stefan Muller.
- Convertible notes – Tranche 2 maturing on 18 December 2021: 500 notes are held by Namaqua Holdings 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 1,950,000 shares on issue in the Company that are subject to voluntary escrow.

Stock Exchange Listings

The Company's ordinary shares are quoted on the Australian Securities Exchange ('ASX') (ASX issuer code: CM8) and on the Frankfurt Stock Exchange (European stock code: CM3).

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.

Company secretary

The Company's secretary is Scott Mison.

Registered office

The address and telephone number of the Company's registered office are:

202/37 Barrack Street
Perth WA 6000

Telephone: +61 3 9020 1468

Share registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Street Address:
Level 12
225 George Street
SYDNEY NSW 2000

Telephone: +61 2 9290 9600

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