

1. Company details

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

2. Results for announcement to the market

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

Dividends

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

Comments

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

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

3. Net tangible assets

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

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

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

12. Signed

Signed 

Sytze Voulon
Non-Executive Chairman
Perth

Date: 28 February 2023

Unith Ltd

(Formerly known as Crowd Media Holdings Limited)

ABN 13 083 160 909

Half-Year Report - 31 December 2022

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Unith Ltd
(Formerly known as Crowd Media Holdings Limited)
Contents
31 December 2022

ÜNITH

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Unith Ltd (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Sytze Voulon - Chairman
Domenic Carosa
Matthew Blake
Scott Mison

Principal activities

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

Review of operations

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

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

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

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

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

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

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

Revenue

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

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

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

Expenses

(i) Cost of sales

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

(ii) Selling, general and administration expense

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

(iii) Depreciation and amortisation

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

(iv) Finance costs

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

(v) Income tax expense/(benefit)

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

Cash flow

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

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

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

Liquidity and Financial Position

At the Group's 31 December 2022 reporting date:

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

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

Significant changes in the state of affairs

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

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

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

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

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

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

Matters subsequent to the end of the financial half-year

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

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

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

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Sytze Voulon
Non-Executive Chairman

28 February 2023
Perth

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Unith Ltd (formerly Crowd Media Holdings Limited) for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 28 February 2023

Melbourne, Victoria

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

ÜNITH

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

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

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

ÜNITH

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

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

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

ÜNITH

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

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

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

ÜNITH

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

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

Note 1. General information

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

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

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 28 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Going concern

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

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

Note 3. Operating segments

Identification of reportable operating segments

The Group has three operating segments during the financial half-year: Mobile Content - Subscription (or 'Subscription'), Talking Head and Other Segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Talking Head business unit is presented separately as of this reporting period, as the CODM have identified its business and resource usage or cashflows separately from Subscription. The activities in the prior Crowd Direct unit, which are not material to the Group in the current financial half-year, are no longer a focus of the CODM, but have been included here for comparative purposes. There is no aggregation of operating segments.

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

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

Types of products and services

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

Mobile Content - Subscription Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via a mobile payments network and the underlying AI-driven technology platform.

Talking Head The Talking Head B2B SaaS division creates and licenses engaging, user-centric conversations in real time with AI-powered digital humans.

Crowd Direct Crowd Direct (direct-to-consumer) works with brands and digital influencers to sell products and/or services that it owns, or part-owns, or is strategically aligned with. This division is no longer material and is no longer a focus of the CODM, but has been reported here for comparative purposes.

Other Segments Information about Group Corporate and other business activities that are not related to the Subscription and Talking Head operating segments are reported in Other Segments.

Intersegment receivables, payables and loans

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

Note 3. Operating segments (continued)

Operating segment information

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

Note 3. Operating segments (continued)

Geographical information

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

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

Note 4. Revenue

Disaggregation of revenue

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

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

Note 4. Revenue (continued)

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

Note 5. Trade and other receivables

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

Allowance for expected credit losses

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

Note 6. Other financial assets

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

Reconciliation

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

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

Note 7. Property, plant and equipment

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

Reconciliations

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

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

Note 8. Right-of-use assets

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

Reconciliations

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

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

Note 9. Intangibles

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

Note 9. Intangibles (continued)

Reconciliations

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

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

Note 10. Convertible notes receivable

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

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

Note 11. Other liabilities

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

Note 12. Issued capital

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

Note 12. Issued capital (continued)

Movements in ordinary share capital

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

Note 13. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

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

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

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

Note 13. Fair value measurement (continued)

Level 3 assets and liabilities

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

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

Note 14. Earnings per share

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

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

Note 15. Share-based payments

Options

Set out below are summaries of options granted:

31 Dec 2022

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

Performance rights

Set out below are summaries of performance rights granted:

31 Dec 2022

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

Valuation model inputs

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

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

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

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

Note 15. Share-based payments (continued)

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

Note 16. Events after the reporting period

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

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

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

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Unith Ltd
(Formerly known as Crowd Media Holdings Limited)
Directors' declaration
31 December 2022

ÜNITH

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Sytze Voulon
Non-Executive Chairman

28 February 2023
Perth

RSM Australia Partners

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

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

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT**To the Members of Unith Ltd***Conclusion*

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

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 28 February 2023
Melbourne, Victoria