

1. Company details

Name of entity:	Unith Ltd
ABN:	13 083 160 909
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	12.3% to	4,519,095
Loss from ordinary activities after tax attributable to the owners of Unith Ltd	up	158.0% to	(1,888,963)
Loss for the year attributable to the owners of Unith Ltd	up	158.0% to	(1,888,963)

Dividends

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

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$1,888,963 (30 June 2023: \$732,193).

Refer to the Directors' report in the attached Annual Report for discussion of the review of operations for the year.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.82</u>	<u>0.86</u>

Calculated as follows:

	Group	
	2024 \$	2023 \$
Net assets	11,873,958	9,308,488
Less: Intangibles	(1,802,136)	(1,619,163)
Net tangible assets	<u>10,071,822</u>	<u>7,689,325</u>
Total shares issued (number)	<u>1,223,437,371</u>	<u>890,838,115</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and the audit report is attached as part of the Annual Report. The audit report contains modified opinion, as a result of unsuccessfully obtaining sufficient information to support the fair value of the investment in In The Room.

11. Attachments

Details of attachments (if any):

The Annual Report of Unith Ltd for the year ended 30 June 2024 is attached.

12. Signed

As authorised by the Board of Directors

Signed _____



Date: 30 August 2024

Sytze Voulon
Non-Executive Chairman
Perth

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ÜNITH

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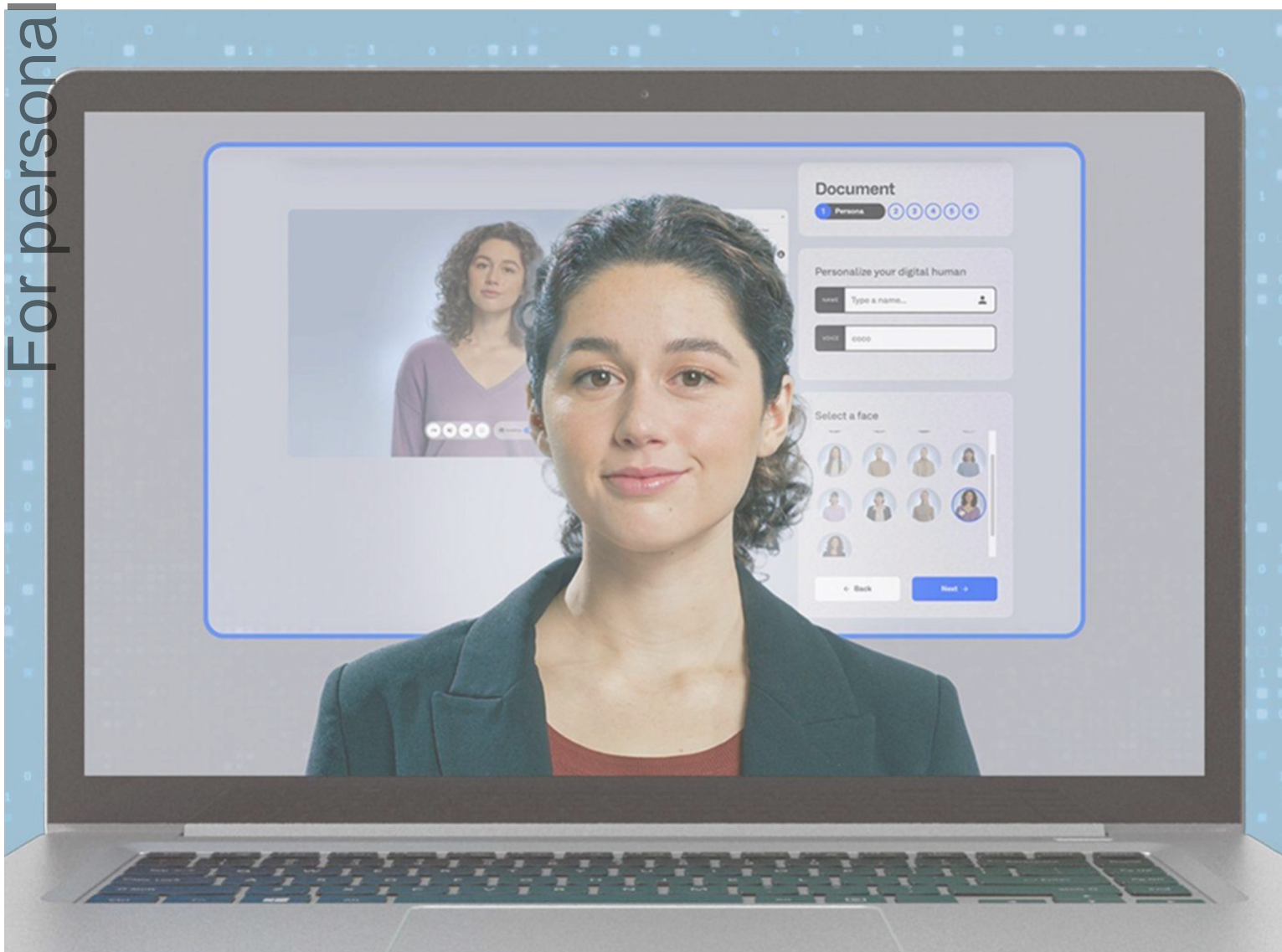
ÜNITH LTD
(ASX: UNT / UNTOA / FWB: CM3)

Annual Report 2024



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Directors	Sytze Voulon - Chairman Matthew Blake Scott Mison Justin Baird
Company Secretary	Scott Mison
Registered Office	202/37 Barrack Street Perth WA 6000 Australia Tel: 1300 034 045 (within Australia) +61 (3) 9020 1468 (outside Australia) Fax: +61 (3) 9923 6507
Principal place of business	Piet Heinkade 95B 1019 GM Amsterdam Netherlands +61 (3) 9020 1468 (outside Australia)
Share Registry	Boardroom Pty Limited Level 8 210 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 27 120 Collins Street Melbourne VIC 3000
Stock exchange listing	Unith Ltd shares (ASX code: UNT) and options (ASX code: UNTOA) are listed on the Australian Securities Exchange Unith Ltd shares are also dual listed on the Frankfurt Stock Exchange (FWB code: CM3)
Website	UNITH.ai
Corporate Governance Statement	<p>The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.</p> <p>The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.</p> <p>The Company's Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: https://www.unith.ai/information/investor-portal</p>

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Chairman's Letter



Dear Shareholders,

On behalf of the Board of Directors of Unith Ltd ("UNITH"), I am pleased to present the 2024 Annual Report which wraps up a transformational year for the Digital Human platform that will culminate in the public launch of interFace in September 2024.

Building on momentum from the revenue generated from the Digital Human platform last year and a restructure of the B2C Subscription division, UNITH generated \$4.519 million revenue in FY24, a 12.3% increase on the previous year.



This was reflective of the strong interest around artificial intelligence which is being sought after by businesses for practical solutions, and individuals as a tool to optimise their lives. Both of these thematics are addressed by UNITH's businesses where the Digital Human platform, in particular, has itself seen a large transformation in H2 FY24 as a select number of users have used the platform and provided highly valuable feedback to UNITH as part of our plan to make Digital Humans accessible to all businesses.

The development of the Digital Human platform has been supported by our B2C Subscription division which has continued to launch new conversational AI products while offering a testing ground for new uses of Digital Humans to generate \$4.2 million revenue in FY24, a 23% increase on FY23.

UNITH's EBITDA of (\$0.58 million) is reflective of the continued investment UNITH has made in developing the Digital Human platform towards a scalable solution which we will see in September 2024 with the public launch of interFace, a self-service offering. As a platform that users can engage to generate, train and deploy digital humans without any engagement with a UNITH customer service representative, we now have a scalable platform.

In FY24, UNITH raised \$4.57 million from existing shareholders and new investors with funds raised providing UNITH with additional resources to accelerate the launch of interFace, while having additional resources for marketing interFace with an emphasis on customer retention and upgrades to premium subscriptions.

Further strengthening UNITH's balance sheet has been the performance of investments which contributed to UNITH's net asset position of \$11.9 million. This included a fair value gain of \$1.9 million based on our stake in our AI partner AudioStack which was valued at \$3.9 million in February 2024, after being valued at \$2.0 million in our FY23 balance sheet.

Finally, I would like to congratulate our team in Barcelona and the Netherlands who have excelled in delivering interFace ahead of schedule while our commercial team has generated excellent interest throughout the year with a strong flow of inbound interest, consistently coming in.

FY25 is set to build on our exciting platform even more as more businesses around the world start generating their UNITH Digital Humans, deploying them to all corners of the planet. I would also like to thank my fellow Board members for their valuable insights and ongoing commitment, and our shareholders for their continued support.

Sytze Voulon
Chairman
Unith Ltd

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Dear Shareholders,

FY24 has delivered substantial milestones in the development of our Digital Human platform, progressing our commercial pursuit towards mass adoption as a scalable solution that will revolutionise how businesses around the world utilise artificial intelligence to tackle common business challenges.

UNITH's vision is groundbreaking in the AI industry, setting ambitious roadmaps aimed at consolidating our technology stack with an emphasis on self-service capabilities. This approach ensures a consistent delivery of milestones to create a platform that allows every business owner, from small to large, to build and deploy their own digital human seamlessly across their entire digital presence—be it apps, mobile, websites, or even physical kiosks.



Our goal is to provide a frictionless experience from creation to deployment, reducing reliance on intervention from UNITH developers and conversational AI teams. This strategy was shaped by our work with various clients, partners and prospects, who identified self-service capabilities as the best commercial opportunity to leverage our AI for mass adoption.

To realise our vision, we addressed several core technology challenges to deliver a user-friendly product. For UNITH digital humans to be accepted and deployed as business representatives, they must be lifelike in appearance, voice, response times, and emotional reactions. Achieving this lifelike quality requires substantial data processing, necessitating the 'miniaturisation' of our technology to reduce computing power and latency. These efforts formed the backbone of our 2024 roadmap, and I am proud to report that we have met all milestones on time.

By advancing our tech stack, our digital humans now look, sound, and respond with significantly reduced latency compared to 12 months ago. Thanks to our dedicated team, we plan to achieve an immediate feeling response by the end of the year. Our efforts culminated in a soft launch in December 2023 to a select group of users from various industries, which have grown materially since. The feedback received has been invaluable as we stress-test the platform and prepare for a broader release phase. Additionally, by operating in a lean and agile manner, we have developed competitive technology with relatively low resources compared to the investments made in the space.

This controlled launch approach has been crucial in our journey towards a public launch. User feedback has highlighted features to be added or improved before committing to premium or enterprise subscriptions. Some of these enhancements have been prioritised and will be included before the public launch at the end of CY24. This prudent approach ensures that our product meets client expectations, maximising user retention and premium subscription uptake.

On the commercial front, UNITH has won and delivered several contracts throughout the year, demonstrating the efficiency of digital humans in healthcare, social services, human resources, entertainment, education, and customer service. We are just beginning to explore the potential of digital humans as a complement to human labour, where their ability to work 24/7, converse in multiple languages, and generate customer conversation analytics is highly valued by beta users.

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Additionally, UNITH has actively participated in industry conferences throughout 2024, showcasing our Digital Human platform and expanding our B2B pipeline.

Looking ahead, we are thrilled to have our AI and Commercial roadmaps in sync. The UNITH team has excelled in overcoming scalability challenges through a unified platform, setting the stage for an AI product that will transform global business operations through conversational AI.

FY25 promises to be a breakout year for UNITH as we proceed with the public launch of our self-service platform and drive enterprise engagements with clients seeking larger-scale solutions. We plan on initiating marketing campaigns to boost user adoption, complemented by the platform's integration capabilities with major online platforms such as WordPress, Shopify, AWS, and many more.

Thank you to our shareholders for your continued support. I look forward to providing further updates as we approach the public launch and enter our next phase of growth

Sincerely,

Idan Schmorak
Chief Executive Officer
Unith Ltd

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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', 'parent entity' or 'Unith') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

Sytze Voulon	Chairman
Scott Mison	
Justin Baird	Appointed 26 July 2023
Gary Cox	Appointed 27 March 2024
Matthew Blake	Resigned 27 March 2024

Principal activities

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

Dividends

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

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$1,888,963 (30 June 2023: \$732,193).

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

The Group earned revenue for the year ended 30 June 2024 of \$4,519,095 versus \$4,023,177 in the prior year ended 30 June 2023 ('pcp' or 'prior year'). The Group's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of \$580,463 for the year (pcp: profit of \$207,163) and net profit or loss after tax ('NPAT') for the year was (\$1,913,311) (pcp: \$739,847). The Group's net asset position at 30 June 2024 was \$11,873,958, an increase of \$2,565,470 from the prior year balance.

Comparison of years ended 30 June 2024 to 30 June 2023

	2024 \$	2023 \$	Increase/ (decrease) \$	Percentage change %
Revenue	4,519,095	4,023,177	495,918	12%
Net fair value gain on investments	2,002,292	2,754,751	(752,459)	(27%)
Cost of sales	(601,606)	(888,888)	287,282	(32%)
Selling, general and administration expenses	(6,419,400)	(5,532,102)	(887,298)	16%
Impairment expenses and expected credit losses	(80,844)	(149,775)	68,931	(46%)
EBITDA	(580,463)	207,163	(787,626)	(380%)
Interest income	526	27,936	(27,410)	(98%)
Depreciation and amortisation	(1,270,488)	(898,503)	(371,985)	41%
Finance costs	(62,886)	(76,443)	13,557	(18%)
Income tax benefit/(expense)	-	-	-	-
NPAT	(1,913,311)	(739,847)	(1,173,464)	159%

Notably, the Company's EBITDA and net loss includes non-cash impairment expense of \$74,257, non-cash share-based payment charges of \$361,090 and non-cash fair value gains on investments of \$2,002,292. When adjusting only for these effects, consistent with performance measures reported to shareholders during the year, the Underlying EBITDA for the financial year is a loss of (\$2,295,922), as follows:

	2024 \$	2023 \$	Increase/ (decrease) \$	Percentage change %
NPAT	(1,913,311)	(739,847)	(1,173,464)	159%
Add back: income tax (benefit)/expense	-	-	-	-
Add back: finance costs	62,886	76,443	(13,557)	(18%)
Deduct: interest revenue	(526)	(27,936)	27,410	(98%)
Add back: depreciation and amortisation	1,270,488	898,503	371,985	41%
EBITDA	<u>(580,463)</u>	<u>207,163</u>	<u>(787,626)</u>	<u>(380%)</u>
Deduct/Add back: impairment expenses (non-cash)	(80,844)	149,775	(230,619)	(154%)
Add back: share-based payments expense (non-cash)	361,090	239,632	121,458	51%
Add back: restructuring costs	-	193,589	(193,589)	(100%)
Deduct: fair value gain on investments (non-cash)	(2,002,292)	(2,754,751)	752,459	(27%)
Effects of exchange rate changes	6,587	(118,899)	125,486	(106%)
Underlying EBITDA	<u><u>(2,295,922)</u></u>	<u><u>(2,083,491)</u></u>	<u><u>(212,431)</u></u>	<u>10%</u>

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

Revenue

During the year, revenue from the Group's operations totalled \$4,519,095 (pcp: \$4,023,177). Revenue was represented by Subscription of \$4,224,734, (pcp: \$3,410,629) and Digital Human of \$294,361 after intersegment revenue (pcp: \$612,548).

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

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

Expenses

(i) Cost of sales

During the year, the Group's cost of sales was \$601,606, or 13% of revenue (pcp: \$888,888 at 22%). The increase in cost of sales as a percentage of revenue compared to the prior year is mainly due to the change in product mix and is expected to decrease slightly in the next financial year.

(ii) Selling, general and administration expense

The Group's selling, general and administration expenses (including marketing) of \$6,419,400 for the year increased by 16% compared to the prior year. The increase is mainly due to an increase in marketing expenses (+50% versus the prior year), decreases in consultants fees (-21% versus the prior year) and share-based payment expenses (+51% versus the prior year, mainly due to new ESOP options granted to certain employees of the Group, excluding the CEO and directors, and options granted to third parties in lieu of fees for corporate advisory services).

(iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the year was \$1,270,488 (pcp: \$898,503). 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 \$62,886 decreased by 18% from \$76,443 for the prior year.

(v) Income tax expense/(benefit)

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

Cash flow

The Company's net cash used by operating activities for the year was (\$2,814,094) (pcp: net cash provided by operating activities of \$1,270,918), mainly reflecting higher spend on marketing as the Mobile Subscription division continues to expand into new markets and on research and development of the Digital Humans technology.

The net cash flow used in investing activities for the year was (\$1,277,000), which was mainly used for additions to software intangibles assets (i.e. development of the Digital Humans technology and the related intellectual property).

Net cash flow from financing activities was \$3,689,000. The Group received \$4,047,636 (net of transaction costs) from the issue of shares during the year.

Liquidity and Financial Position

At the Group's 30 June 2024 reporting date:

- Cash and cash equivalents ('cash') were \$3,805,685, a decrease of \$454,748 from \$4,260,433 at 30 June 2023.
- Working capital (defined as current assets less current liabilities) was \$3,359,733, an increase of \$345,182 from \$3,014,551 at 30 June 2023.
- Net assets were \$11,873,958, an increase of \$2,565,470 from \$9,308,488 at 30 June 2023.

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

Material business risks

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

Failure to scale up and commercialise

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

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

Failure to effectively attract new or retain existing clients

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

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

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

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

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

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

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

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

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

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

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

Significant changes in the state of affairs

On 21 July 2023, the Company issued 1,376,052 fully paid ordinary shares to employees upon the vesting of performance rights. The Company also issued 12,422,223 unlisted options to employees. The Company also announced that 7,000,000 fully paid ordinary shares and 8,000,000 listed options were issued for settlement of capital raising costs.

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Technology and software

Talent retention and acquisition

Regulatory

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

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

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

On 24 January 2024, the Company announced that it received the following notices of intention to remove directors and an invalid Section 249D notice:

- Section 203D Notice giving notice of intention to remove Matthew Blake as a Director of the Company; and
- Section 203D Notice giving notice of intention to remove Sytze Voulon and Justin Baird as Directors of the Company; and
- Section 249D Notice requesting that resolutions be put to shareholders for the removal of Sytze Voulon and Justin Baird as Directors of the Company and the election of Andrew Derek Cotterill as a Director of the Company, (together, the Notices).

The Notices were withdrawn by the requisitioning parties on 28 March 2024.

On 5 February 2024, the Company announced that it successfully secured firm commitments to raise \$2.0 million (gross proceeds) via a strongly supported share placement to institutional, sophisticated and professional investors. The share placement comprises an offer of 137,931,034 new fully paid ordinary shares in the Company at an issue price of \$0.0145 per share, with attaching unlisted options on a 1:2 basis exercisable at \$0.023 per option expiring 30 September 2024 (being nontransferable) and attaching options (to be listed) on a 1:2 basis exercisable at \$0.30 per option expiring 31 March 2026. The share issue price is at a 23.7% discount to the Company's 15-day volume weighted average price (\$0.019) at close of trading on 31 January 2024.

On 13 February 2024, the Company announced that 137,931,034 fully paid ordinary shares and 68,965,517 unlisted options were issued as part of the share placement announced on 5 February 2024.

On 21 February 2024, a Notice of General Meeting and Explanatory Statement was announced by the Company to be held on 28 March 2024, where various resolutions, as a result of the S203D and S249D notices, will be put to shareholders.

On 23 February 2024, the Company announced a non-renounceable pro rata entitlement issue of one new share for every seven shares held by eligible shareholders at the record date of 28 February 2024 to raise up to \$2.0 million before costs. The issue price of the entitlement offer is \$0.014 per new share together with one free-attaching unlisted option and one free-attaching listed option, for every two new shares issued to eligible shareholders. The Lead Manager, Evolution Capital, was mandated to place the shortfall, if available, at the same terms.

On 26 June 2024, the Company cancelled 6,742,223 employee options and 2,750,000 performance rights. The employee options were replaced with performance rights and on 26 June 2024, 10,500,000 performance rights were issued to existing and new employees.

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 2 August 2024, the Company issued 4,166,725 shares to employees on the vesting of performance rights.

On 20 August 2024, the Company announced that the public launch of its self-service offering for users to utilise the Digital Human platform will be 23 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

Information on Directors

Name: **Sytze Voulon**
Title: Non-Executive Director and Chairman
Qualifications: Bachelor of Science in Marine Engineering from the Maritime Institute Willem Barentsz, Terschelling and Bachelor of Science in Maritime Business Studies from Rotterdam University.

Experience and expertise: Sytze is an experienced executive who led international businesses across several industries and geographies, the most recent being the Chief Executive Officer for Synlab Analytics & Services. Synlab is Europe's number one medical diagnostic service provider. The Analytics & Services division, with an annual revenue of 200 million Euro and operating 37 labs across 11 countries, is a leader in testing, inspection and certification services. It addresses the European Environmental, Food and Agri as well as the global Pharma and Products markets. Sytze positioned the division for a PE buyout as an inorganic European consolidation platform that allowed for a tailored mergers and acquisitions strategy. Sytze successfully led the due diligence and sales process and achieved full enterprise value on exit. Sytze started his career at Mobil Oil and continued to work in senior management positions for renowned companies such as Rolls-Royce, Stork Technical Services, Imtech and Applus where he gained comprehensive experience in leasing global service companies with particular focus on turnaround processes and restructurings. He currently offers his experience and skills as an independent Strategy and Management Consultant and assists start-up and scale-up businesses.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 2,000,000 fully paid shares
Interests in options: None
Interests in rights: None
Contractual rights to securities: None

Name: **Scott Mison**
Title: Non-Executive Director and Company Secretary
Qualifications: Bachelor of Business degree majoring in Accounting and Member of Chartered Accountants Australia and New Zealand and Governance Institute of Australia.
Experience and expertise: Scott has more than 25 years of corporate and operation experience in Australia, UK, Central Asia, Africa and the US. He has held many Director and Company Secretary roles with ASX or LSE companies in the technology and mining industry.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Company Secretary and oversee finance function
Interests in shares: 4,578,356 fully paid shares
Interests in options: 572,296 options over ordinary shares
Interests in rights: None
Contractual rights to securities: None

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Name: **Justin Baird**
Title: Non-Executive Director (appointed 26 July 2023)
Qualifications: Fellow of the Royal Society of the Arts (FRSA)
Experience and expertise: Justin brings over 20 years of management and high-tech experience, in areas ranging from research and development, analogue and digital engineering, embedded systems development, hardware and software product management, high speed digital networks, large scale multimedia processing systems, mobile and web application deployment, android and iOS mobile applications, agile team management, and social media technologies. He holds two U.S. Patents, four pending U.S. Patents, and has written several technical papers within these areas of research. He has founded, advised and invested in numerous startups, with a focus on the development of emerging technology solutions that deliver societal benefit across many sectors. Justin holds a Bachelor of Science in Computer and Electrical Engineering from the University of Miami, Miami USA, and an MBA from the Australian Graduate School of Management, Sydney Australia. He completed the Disruptive Strategy Leadership Program of the Harvard Business School, Boston, Massachusetts USA, and the Diversity and Inclusion Certificate Program of Cornell University, Ithaca, New York USA. Justin is currently the co-founder of his own tech startup based in Singapore and offers his experience and skills as an independent strategy and management consultant focused on Asia Pacific based startup and scale-up businesses.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: None
Interests in rights: None
Contractual rights to shares: None

Name: **Gary Cox**
Title: Non-Executive Director (appointed 27 March 2024)
Qualifications: First-Class Honours Degree in Operational Engineering.
Experience and expertise: Gary has over 35 years of experience in the IT industry based in a variety of countries (UK, Europe, Australia & Japan). Gary currently is a Non-Executive Director at NEXTGEN, a born in the cloud software distributor, GapMaps (Location Intelligence) and SWARM. He was acting as an advisor to the Global Board of Crayon and was overseeing the APAC integration of Crayon and rhipe until May 2023. Prior to this, Gary was Chair of rhipe, an ASX company focused on the distribution of major technology vendors product and services across Asia until November 2021. Gary led the acquisition of rhipe by Crayon via a scheme of arrangement. Gary brings a focus on strategy, execution and culture alignment, combined with his significant Asia and global experience.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: None
Interests in rights: None
Contractual rights to shares: None

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

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

Resignations

Matthew Blake resigned as a Director on 27 March 2024.

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Company secretary

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

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	<i>Full Board</i>	
	<i>Attended</i>	<i>Held</i>
Sytze Voulon	10	10
Scott Mison	10	10
Justin Baird	10	10
Gary Cox	2	2
Matthew Blake	6	8

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

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Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

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

Non-executive directors' remuneration

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

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

Executive remuneration

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

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The executive remuneration and reward framework has four components:

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

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

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

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

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

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

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

Group performance and link to remuneration

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

Use of remuneration consultants

During the financial year ended 30 June 2024, the Company did not engage remuneration consultants to review its existing remuneration policies or provide recommendations on how to improve incentive programs, however, the Company intends to engage independent consultants during FY 2025.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

At the 30 November 2023 AGM, 87.33% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. 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 following Directors of Unith Ltd:

- Sytze Voulon - Non-Executive Director and Chairman
- Scott Mison - Non-Executive Director
- Justin Baird - Non-Executive Director (appointed 26 July 2023)
- Gary Cox - Non-Executive Director (appointed 27 March 2024)
- Matthew Blake - Non-Executive Director (resigned 27 March 2024)

And the following key management personnel:

- Idan Schmorak - Chief Executive Officer
- Melanie Mouldenhauer – Chief Financial Officer (resigned 30 June 2024)

Amounts of remuneration

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

2024	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees	Cash bonus	Consulting fees	Super-annuation	Leave benefits	Equity-settled	
	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
S Voulon	81,311	-	-	1,466	-	-	82,777
S Mison*	60,000	-	36,000	7,920	-	-	103,920
J Baird**	55,326	-	9,287	-	-	-	64,613
G Cox**	15,000	-	-	-	-	-	15,000
M Blake***	41,500	-	-	-	-	-	41,500
<i>Other Key Management Personnel:</i>							
Schmorak	310,042	12,000	-	-	-	34,800	356,842
M Mouldenhauer***	274,603	-	-	-	-	21,145	295,748
	<u>837,782</u>	<u>12,000</u>	<u>45,287</u>	<u>9,386</u>	<u>-</u>	<u>55,945</u>	<u>960,400</u>

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

** Remuneration is for the period from date of appointment as a Director or to key management personnel to 30 June 2024.

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

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

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

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

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	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
S Voulon	100%	100%	-	-	-	-
S Mison	100%	100%	-	-	-	-
J Baird	100%	-	-	-	-	-
G Cox	100%	-	-	-	-	-
M Blake	100%	100%	-	-	-	-
D Carosa	-	100%	-	-	-	-

Other Key Management Personnel:

I Schmorak	87%	76%	3%	8%	10%	16%
M Mouldenhauer	93%	88%	-	-	7%	12%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
<i>Non-Executive Directors:</i>				
S Voulon	-	-	-	-
S Mison	-	-	-	-
J Baird	-	-	-	-
G Cox	-	-	-	-
M Blake	-	-	-	-
D Carosa	-	-	-	-
<i>Other Key Management Personnel:</i>				
I Schmorak	-	100%	-	-
M Mouldenhauer	-	-	-	-

Service agreements

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

Name:	Idan Schmorak
Title:	Chief Executive Officer
Agreement commenced:	20 September 2021
Term of agreement:	3 years
Details:	Base annual package*, performance based, 'at-risk' STI and discretionary share based LTI remuneration, subject to annual performance review. 3 months termination by employer, 3 months by executive. The Company may terminate the agreement with cause in certain circumstances such as gross misconduct.
	* Base annual package - EUR €180,000 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 2024.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

Performance rights

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

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

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Sales revenue (continuing and discontinued)	4,519,095	4,023,177	5,371,326	10,909,622	16,480,683
Underlying EBITDA	(2,295,922)	(2,083,491)	(53,348)	(95,971)	(770,695)
Total comprehensive income for the year attributable to the owners of Unith Ltd	(1,973,567)	(644,015)	(3,220,390)	(6,119,657)	(1,856,796)

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

	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Share price at financial year end (\$)	0.01	0.03	0.02	0.02	0.03
Basic earnings per share (cents per share)	(0.19)	(0.09)	(0.49)	(1.26)	(0.68)
Diluted earnings per share (cents per share)	(0.19)	(0.09)	(0.49)	(1.26)	(0.68)

Additional disclosures relating to key management personnel

Share Holding

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

	<i>Balance at the start of the year</i>	<i>Received as part of remuneration</i>	<i>Additions</i>	<i>Disposals/ other</i>	<i>Balance at the end of the year</i>
<i>Ordinary shares</i>					
S Voulon	2,000,000	-	-	-	2,000,000
S Mison	4,006,061	-	572,295	-	4,578,356
J Baird	-	-	-	-	-
G Cox	-	-	-	-	-
M Blake*	3,909,091	-	558,442	-	4,467,533
I Schmorak	1,600,000	-	1,185,174	-	2,785,174
M Mouldenhauer*	1,657,035	-	1,000,000	-	2,657,035
	<u>13,172,187</u>	<u>-</u>	<u>3,315,911</u>	<u>-</u>	<u>16,488,098</u>

* Balance at the end of the year represents the amount at the time of resignation as a Non-Executive Director or key management personnel

Option Holding

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

	<i>Balance at the start of the year</i>	<i>Granted/ additions</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Options over ordinary shares</i>					
S Voulon	2,000,000	-	-	-	2,000,000
S Mison	3,000,000	572,296	-	-	3,572,296
J Baird	-	-	-	-	-
G Cox	-	-	-	-	-
M Blake*	3,000,000	558,442	-	-	3,558,442
I Schmorak	-	285,714	-	-	285,714
M Mouldenhauer*	-	-	-	-	-
	<u>8,000,000</u>	<u>1,416,452</u>	<u>-</u>	<u>-</u>	<u>9,416,452</u>

* Balance at the end of the year represents the amount at the time of resignation as a Non-Executive Director or key management personnel

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/ exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Performance rights over ordinary shares</i>					
S Voulon	-	-	-	-	-
S Mison	-	-	-	-	-
J Baird	-	-	-	-	-
G Cox	-	-	-	-	-
M Blake*	-	-	-	-	-
I Schmorak	2,400,000	-	(900,000)	-	1,500,000
M Mouldenhauer*	2,750,000	-	(1,000,000)	(1,750,000)	-
	<u>5,150,000</u>	<u>-</u>	<u>(1,900,000)</u>	<u>(1,750,000)</u>	<u>1,500,000</u>

* Balance at the end of the year represents the amount at the time of resignation as a Non-Executive Director or key management personnel

This concludes the remuneration report, which has been audited.

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Shares under option

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number under option</i>
18 October 2022	6 June 2025	\$0.050	1,500,000
10 February 2023	1 March 2025	\$0.040	1,740,000
10 February 2023	1 March 2026	\$0.050	1,740,000
10 February 2023	1 March 2027	\$0.060	2,200,000
2 April 2024	30 September 2024	\$0.023	172,300,350
2 April 2024	31 March 2026	\$0.030	172,300,637
			351,780,987

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

Shares under performance rights

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Number under rights</i>
20 September 2021	20 September 2024	1,500,000
18 October 2022	30 June 2025	3,125,000
19 July 2023	30 June 2025	2,280,000
19 July 2023	30 June 2026	3,815,000
26 June 2024	30 June 2025	3,150,000
26 June 2024	30 June 2026	5,250,000
		19,120,000

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

There were no ordinary shares of Unith Ltd issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of Unith Ltd were issued during the year ended 30 June 2024 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>
5 November 2020	708,675
20 September 2021	667,377
18 October 2022	1,000,000
15 April 2024	900,000
2 August 2024	4,166,725
	7,442,777

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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

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

Auditor's independence declaration

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

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

On behalf of the Directors



Sytze Voulon
Non-Executive Chairman

30 August 2024
Perth

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Unith Ltd and its controlled entities for the year ended 30 June 2024, 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

RSM AUSTRALIA PARTNERS

R J Morillo Maldonado

R J MORILLO MALDONADO
Partner

Dated: 30 August 2024
Melbourne, Victoria

Unith Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

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	Note	Group 2024 \$	2023 \$
Revenue			
Revenue	5	4,519,095	4,023,177
Cost of sales		(601,606)	(888,888)
Gross margin		<u>3,917,489</u>	<u>3,134,289</u>
Interest revenue calculated using the effective interest method		526	27,936
Net fair value gain on investments	11	2,002,292	2,754,751
Expenses			
Marketing		(1,889,724)	(1,257,536)
Administration and other expenses		(622,951)	(676,683)
Consultants		(920,543)	(1,166,848)
Depreciation and amortisation expense	6	(1,270,488)	(898,503)
Employee benefits expense		(2,514,792)	(2,052,283)
Travel and accommodation		(110,300)	(139,120)
Share-based payments	6	(361,090)	(239,632)
Impairment of assets	6	(103,895)	(9,042)
Recovery of/(allowance for) expected credit losses	9	23,051	(140,733)
Finance costs	6	(62,886)	(76,443)
Loss before income tax expense		<u>(1,913,311)</u>	<u>(739,847)</u>
Income tax expense	7	-	-
Loss after income tax expense for the year		<u>(1,913,311)</u>	<u>(739,847)</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(84,604)	88,178
Other comprehensive (loss)/income for the year, net of tax		<u>(84,604)</u>	<u>88,178</u>
Total comprehensive loss for the year		<u><u>(1,997,915)</u></u>	<u><u>(651,669)</u></u>
Loss for the year is attributable to:			
Non-controlling interest		(24,348)	(7,654)
Owners of Unith Ltd	20	(1,888,963)	(732,193)
		<u>(1,913,311)</u>	<u>(739,847)</u>
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(24,348)	(7,654)
Owners of Unith Ltd		(1,973,567)	(644,015)
		<u>(1,997,915)</u>	<u>(651,669)</u>
		2024 Cents	2023 Cents
Basic earnings per share	33	(0.19)	(0.09)
Diluted earnings per share	33	(0.19)	(0.09)

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

Unith Ltd
Consolidated statement of financial position
As at 30 June 2024

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	Note	Group 2024 \$	Group 2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	3,805,685	4,260,433
Trade and other receivables	9	427,807	305,322
Accrued income	10	512,126	489,575
Prepayments		163,003	165,321
Total current assets		<u>4,908,621</u>	<u>5,220,651</u>
Non-current assets			
Other financial assets	11	6,301,016	4,332,892
Property, plant and equipment	12	59,901	51,436
Right-of-use assets	13	637,729	950,419
Intangibles	14	1,802,136	1,619,163
Total non-current assets		<u>8,800,782</u>	<u>6,953,910</u>
Total assets		<u>13,709,403</u>	<u>12,174,561</u>
Liabilities			
Current liabilities			
Trade and other payables	15	1,148,441	1,845,301
Deferred revenue	16	28,829	6,499
Lease liabilities	17	360,948	342,921
Employee benefits		10,232	11,379
Total current liabilities		<u>1,548,450</u>	<u>2,206,100</u>
Non-current liabilities			
Lease liabilities	17	286,995	659,973
Total non-current liabilities		<u>286,995</u>	<u>659,973</u>
Total liabilities		<u>1,835,445</u>	<u>2,866,073</u>
Net assets		<u>11,873,958</u>	<u>9,308,488</u>
Equity			
Issued capital	18	52,063,588	47,824,834
Reserves	19	6,164,073	5,924,230
Accumulated losses	20	(46,321,701)	(44,432,922)
Equity attributable to the owners of Unith Ltd		11,905,960	9,316,142
Non-controlling interest	21	(32,002)	(7,654)
Total equity		<u>11,873,958</u>	<u>9,308,488</u>

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

Unith Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2024

ÜNITH

Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	42,685,549	374,232	5,553,508	(43,911,959)	-	4,701,330
Loss after income tax expense for the year	-	-	-	(732,193)	(7,654)	(739,847)
Other comprehensive income for the year, net of tax	-	88,178	-	-	-	88,178
Total comprehensive income for the year	-	88,178	-	(732,193)	(7,654)	(651,669)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	5,060,165	-	-	-	-	5,060,165
Share-based payments	-	-	198,662	-	-	198,662
Issue of shares on vesting of performance rights	79,120	-	(290,350)	211,230	-	-
Balance at 30 June 2023	<u>47,824,834</u>	<u>462,410</u>	<u>5,461,820</u>	<u>(44,432,922)</u>	<u>(7,654)</u>	<u>9,308,488</u>

Group	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	47,824,834	462,410	5,461,820	(44,432,922)	(7,654)	9,308,488
Loss after income tax expense for the year	-	-	-	(1,888,963)	(24,348)	(1,913,311)
Other comprehensive loss for the year, net of tax	-	(84,604)	-	-	-	(84,604)
Total comprehensive loss for the year	-	(84,604)	-	(1,888,963)	(24,348)	(1,997,915)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	4,191,325	-	10,970	-	-	4,202,295
Share-based payments (note 34)	-	-	361,090	-	-	361,090
Issue of shares on vesting of performance rights	47,629	-	(47,629)	-	-	-
Cancellation of share capital of subsidiaries on deregistration of entities	(200)	16	-	184	-	-
Balance at 30 June 2024	<u>52,063,588</u>	<u>377,822</u>	<u>5,786,251</u>	<u>(46,321,701)</u>	<u>(32,002)</u>	<u>11,873,958</u>

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

Unith Ltd
Consolidated statement of cash flows
For the year ended 30 June 2024

ÜNITH

	Note	Group 2024 \$	Group 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST or equivalent)		4,479,887	4,709,534
Payments to suppliers and employees (inclusive of GST or equivalent)		(7,231,095)	(6,003,484)
Interest received		-	99,303
Interest and other finance costs paid		<u>(62,886)</u>	<u>(76,271)</u>
Net cash used in operating activities	32	<u>(2,814,094)</u>	<u>(1,270,918)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(28,589)	(31,464)
Payments for intangibles	14	<u>(1,248,411)</u>	<u>(1,210,374)</u>
Net cash used in investing activities		<u>(1,277,000)</u>	<u>(1,241,838)</u>
Cash flows from financing activities			
Proceeds from issue of shares	18	4,577,000	5,371,000
Proceeds from exercise of options		-	57,000
Share issue transaction costs		(547,000)	(397,252)
Repayment of lease liabilities		<u>(341,000)</u>	<u>(223,327)</u>
Net cash from financing activities		<u>3,689,000</u>	<u>4,807,421</u>
Net (decrease)/increase in cash and cash equivalents		(402,094)	2,294,665
Cash and cash equivalents at the beginning of the financial year		4,260,433	2,228,456
Effects of exchange rate changes on cash and cash equivalents		<u>(52,654)</u>	<u>(262,688)</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>3,805,685</u></u>	<u><u>4,260,433</u></u>

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

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Note 1. General information

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

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

Registered office

202/37 Barrack Street
Perth WA 6000
Australia

Principal place of business

95B Piet Heinkade
1019 GM Amsterdam
Netherlands

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This interpretation is applicable to annual reporting periods beginning on or after 1 January 2023. This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Note 2. Material accounting policy information (continued)

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This standard is applicable to annual periods beginning on or after 1 January 2023. The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

Going concern

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

As disclosed in the financial statements, the Group incurred a loss after tax amounting to \$1,913,311 and had net cash outflows from operating activities of \$2,814,094 for the financial year ended 30 June 2024. The Group is well advanced in the development phase of its new technology and full commercialisation is set to be launched in September 2024.

After reviewing the cash flow forecast for the forthcoming period until 31 August 2025, the Directors have concluded that there are reasonable grounds to believe that the Group will continue as a going concern, and therefore it is appropriate to adopt the going concern basis in the preparation of the financial report. The Directors' assessment considered the following factors:

- As of 30 June 2024, the Group held cash and cash equivalents totalling \$3.8 million, and its current assets exceeded current liabilities by \$3.4 million;
- The Group has no capital or significant operational commitments and has the ability to implement cost optimisation plans to reduce discretionary expenditures, if necessary, to reduce operating and investing cash requirements;
- If required, the Group has the ability to raise funds to support its business plan. The Group has a proven record of raisings funds, including \$4 million, net of transaction costs, through a share placement and entitlements issue in February 2024

Basis of preparation

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

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 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Unith Ltd as at 30 June 2024 and the results of all subsidiaries for the year then ended.

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Note 2. Material accounting policy information (continued)

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

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

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

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

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

Operating segments

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

Foreign currency translation

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

Foreign currency transactions

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

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.

Note 2. Material accounting policy information (continued)

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.

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

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

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

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

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

Current and non-current classification

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

Note 2. Material accounting policy information (continued)

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.

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.

Investments and other financial assets

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

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

Financial assets at amortised cost

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

Financial assets at fair value through profit or loss

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

Note 2. Material accounting policy information (continued)

Impairment of financial assets

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

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

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

Property, plant and equipment

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

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

Plant and equipment	1.5 - 5 years
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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.

Note 2. Material accounting policy information (continued)

Intellectual property

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

Software

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

Websites and other intangible assets

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Contract liabilities

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

Lease liabilities

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

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

Employee benefits

Short-term employee benefits

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

Note 2. Material accounting policy information (continued)

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.

Share-based payments

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

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

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

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

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

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

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.

Note 2. Material accounting policy information (continued)

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

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.

Note 2. Material accounting policy information (continued)

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 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

The amendments are applicable for financial periods beginning on or after 1 January 2024. The standard makes amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Group will adopt this standard from 1 July 2024 and the amendments are not expected to have a material impact on the Group.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 'Presentation of Financial Statements', although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 'Statement of Cash Flows'. The standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 34 for details of inputs utilised in calculating the fair value of share-based payments granted.

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 and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

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

Income tax

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

Recovery of deferred tax assets

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

Lease term

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

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

Incremental borrowing rate

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

Note 4. Operating segments

Identification of reportable operating segments

The Group has three operating segments during the financial year: Mobile Content - Subscription (or 'Subscription'), Digital Humans (formerly 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 Digital Humans business unit is presented separately as of this reporting period, as the CODM has identified its business and resource usage or cashflows separately from Subscription. There is no aggregation of operating segments.

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

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

Types of products and services

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

Mobile Content - Subscription	Mobile subscription-based, broad content offering of products such as mobile security, games and video portals via a mobile payments network and the underlying AI-driven technology platform.
Digital Humans	The Digital Humans B2B SaaS division creates and licenses engaging, user-centric conversations in real time with AI-powdered digital humans.
Other Segments	Information about Group Corporate and other business activities that are not related to the Subscription and Digital Humans operating segments are reported in Other Segments.

Intersegment receivables, payables and loans

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

Note 4. Operating segments (continued)

Operating segment information

	Subscription \$	Digital Humans \$	Other Segments \$	Total \$
Group - 2024				
Revenue				
Sales to external customers	4,224,734	786,474	-	5,011,208
Intersegment sales	-	(492,113)	-	(492,113)
Total sales revenue	4,224,734	294,361	-	4,519,095
Interest income	-	-	526	526
Total revenue	4,224,734	294,361	526	4,519,621
EBITDA	54,179	(484,464)	(150,178)	(580,463)
Depreciation and amortisation	(431,887)	(792,316)	(46,285)	(1,270,488)
Interest income	-	-	526	526
Finance costs	(56,369)	-	(6,517)	(62,886)
Loss before income tax expense	(434,077)	(1,276,780)	(202,454)	(1,913,311)
Income tax expense				-
Loss after income tax expense				(1,913,311)
Assets				
Segment assets	2,062,753	1,804,060	9,842,590	13,709,403
Total assets				13,709,403
Liabilities				
Segment liabilities	1,301,286	139,994	394,165	1,835,445
Total liabilities				1,835,445
Group - 2023				
Revenue				
Sales to external customers	3,410,629	612,548	-	4,023,177
Interest income	-	-	27,936	27,936
Total revenue	3,410,629	612,548	27,936	4,051,113
EBITDA	385,259	(569,201)	391,105	207,163
Depreciation and amortisation	(448,230)	(409,701)	(40,572)	(898,503)
Interest income	-	-	27,936	27,936
Finance costs	(51,917)	-	(24,526)	(76,443)
(Loss)/profit before income tax expense	(114,888)	(978,902)	353,943	(739,847)
Income tax expense				-
Loss after income tax expense				(739,847)
Assets				
Segment assets	3,203,643	2,140,107	6,830,811	12,174,561
Total assets				12,174,561
Liabilities				
Segment liabilities	2,096,672	241,957	527,444	2,866,073
Total liabilities				2,866,073

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Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2024	2023	2024	2023
	\$	\$	\$	\$
Australasia	383,838	31,154	6,351,033	1,060,385
Europe	2,772,429	2,996,604	2,449,749	4,401,493
Latin America	249,233	211,653	-	-
Middle East and Africa	1,005,363	-	-	-
Other	108,232	783,766	-	-
	<u>4,519,095</u>	<u>4,023,177</u>	<u>8,800,782</u>	<u>5,461,878</u>

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

Note 5. Revenue

Disaggregation of revenue

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

	Subscription	Digital Humans	Intersegment transaction	Total
	\$	\$	\$	\$
Group - 2024				
<i>Major product lines</i>				
Entertainment and content	4,224,734	-	-	4,224,734
Software licensing	-	786,474	(492,113)	294,361
	<u>4,224,734</u>	<u>786,474</u>	<u>(492,113)</u>	<u>4,519,095</u>
<i>Geographical regions</i>				
Australasia	383,838	-	-	383,838
Europe	2,478,068	786,474	(492,113)	2,772,429
Latin America	249,233	-	-	249,233
Middle East and Africa	1,005,363	-	-	1,005,363
Other	108,232	-	-	108,232
	<u>4,224,734</u>	<u>786,474</u>	<u>(492,113)</u>	<u>4,519,095</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	4,224,734	617,105	(492,113)	4,349,726
Services transferred over time	-	169,369	-	169,369
	<u>4,224,734</u>	<u>786,474</u>	<u>(492,113)</u>	<u>4,519,095</u>

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Note 5. Revenue (continued)

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

Note 6. Expenses

	Group	
	2024 \$	2023 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	33,728	41,552
Right-of-use assets	302,998	285,977
Total depreciation	<u>336,726</u>	<u>327,529</u>
<i>Amortisation</i>		
Intangibles	933,762	570,974
Total depreciation and amortisation	<u>1,270,488</u>	<u>898,503</u>
<i>Impairment of assets</i>		
Impairment of intangibles	103,895	9,042
<i>Finance costs</i>		
Interest and finance charges paid	17,780	15,590
Interest and finance charges paid/payable on lease liabilities	45,106	60,853
Finance costs expensed	<u>62,886</u>	<u>76,443</u>
<i>Share based payments expense</i>		
Employee benefits	361,090	164,541
Other	-	75,091
Total share based payments expense	<u>361,090</u>	<u>239,632</u>

Note 7. Income tax

	Group	
	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,913,311)	(739,847)
Tax at the statutory tax rate of 25%	(478,328)	(184,962)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	333	3
Share-based payments	90,272	59,908
Blackhole expenditure	1,670	-
Tax losses not recognised as recoupable	320,794	19,982
Other items (net)	26,392	-
	<u>(38,867)</u>	<u>(105,069)</u>
Differences in overseas tax rates	38,867	105,069
Income tax expense	<u>-</u>	<u>-</u>

Tax losses

The Australian entities of the Group has recognised a deferred tax asset of \$810,230 within the Australian tax group up to the amount deemed probable. The Australian entities have unused tax losses remaining of \$1.3 million, for which no deferred tax asset has been recognised in the statement of financial position.

In addition, the European entities of the group has unused tax losses of \$9,767,947 for which no deferred tax asset has been recognised in the statement of financial position. These tax losses can only be utilised in the future if the company satisfies the relevant tax loss rules in the relevant jurisdictions and the company earns sufficient taxable profit to absorb these losses.

Deferred tax

Deferred tax asset and liabilities comprises temporary differences attributable to:

	Group	
	2024	2023
	\$	\$
<i>Amounts recognised in profit or loss</i>		
Tax losses	810,230	686,427
Financial assets at fair value through profit or loss	(810,230)	(686,427)
Deferred tax	<u>-</u>	<u>-</u>
<i>Movements</i>		
Opening balance	-	-
Deferred tax asset (charged)/ credited to profit or loss	(810,230)	(686,427)
Deferred tax liability charged/ (credited) to profit or loss	810,230	686,427
Closing balance	<u>-</u>	<u>-</u>

Note 8. Cash and cash equivalents

	Group	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at bank	3,805,685	4,260,433

Note 9. Trade and other receivables

	Group	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	445,450	719,528
Less: Allowance for expected credit losses	(18,198)	(414,206)
	<u>427,252</u>	<u>305,322</u>
Other receivables	555	-
	<u>427,807</u>	<u>305,322</u>

Allowance for expected credit losses

The Group has recognised a recovery of \$23,051 (30 June 2023: loss of \$140,733) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

	Expected credit loss rate		Amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Group	%	%	\$	\$	\$	\$
Not overdue	3%	3%	216,647	290,983	5,520	8,851
0 to 3 months overdue	5%	6%	227,310	20,819	10,670	1,154
3 to 6 months overdue	36%	40%	217	596	78	241
6 to 9 months overdue	70%	73%	(332)	11,130	(233)	8,170
Over 9 months overdue	100%	100%	2,163	396,000	2,163	395,790
			<u>446,005</u>	<u>719,528</u>	<u>18,198</u>	<u>414,206</u>

Movements in the allowance for expected credit losses are as follows:

	Group	
	2024	2023
	\$	\$
Opening balance	414,206	288,016
Additional provisions recognised	-	140,733
Receivables written off during the year as uncollectable	(23,051)	-
Receivables written off against the provision	(372,957)	(14,543)
Closing balance	<u>18,198</u>	<u>414,206</u>

Note 10. Accrued income

	Group	
	2024	2023
	\$	\$
<i>Current assets</i>		
Accrued income	512,126	489,575

Reconciliation

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

Opening balance	489,575	696,848
Additions	515,160	442,870
Transfer to trade receivables	(489,575)	(696,848)
Cumulative catch-up adjustments	(3,034)	46,705
Closing balance	512,126	489,575

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

Note 11. Other financial assets

	Group	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Investment in AudioStack (formerly Aflorithmic Labs Ltd)	3,945,389	1,966,574
Investment in In the Room Global Ltd	1,862,043	1,872,557
Investment in UneeQ Ltd	493,584	493,761
	6,301,016	4,332,892

Reconciliation

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

Opening carrying amount	4,332,892	1,133,026
Additions	-	279,385
Revaluations	2,002,292	2,754,751
Exchange differences	(34,168)	165,730
Closing carrying amount	6,301,016	4,332,892

Audiostack (formerly Aflorithmic Labs Ltd)

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

Note 11. Other financial assets (continued)

In the Room Global Ltd

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

UneeQ Ltd

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

Note 12. Property, plant and equipment

	Group	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	832,646	974,703
Less: Accumulated depreciation	<u>(772,745)</u>	<u>(923,267)</u>
	<u>59,901</u>	<u>51,436</u>

Reconciliations

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

Group	<i>Plant and equipment</i> \$
Balance at 1 July 2022	59,051
Additions	31,464
Exchange differences	2,473
Depreciation expense	<u>(41,552)</u>
Balance at 30 June 2023	51,436
Additions	28,589
Exchange differences	13,604
Depreciation expense	<u>(33,728)</u>
Balance at 30 June 2024	<u>59,901</u>

Note 13. Right-of-use assets

	Group	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	2,114,546	2,153,809
Less: Accumulated depreciation	<u>(1,476,817)</u>	<u>(1,203,390)</u>
	<u>637,729</u>	<u>950,419</u>

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Note 13. Right-of-use assets (continued)

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

Reconciliations

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

Group	<i>Buildings - right-of-use</i> \$
Balance at 1 July 2022	1,160,204
Exchange differences	76,192
Depreciation expense	<u>(285,977)</u>
Balance at 30 June 2023	950,419
Exchange differences	(9,692)
Depreciation expense	<u>(302,998)</u>
Balance at 30 June 2024	<u><u>637,729</u></u>

For other lease disclosures, refer to:

- note 6 for depreciation on right-of-use assets and interest on lease liabilities;
- note 17 for lease liabilities at the reporting date;
- note 23 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 14. Intangibles

	Group	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Intellectual property - at cost	130,559	130,906
Less: Impairment	<u>(121,063)</u>	<u>(17,168)</u>
	9,496	113,738
Software - at cost	3,604,981	2,474,076
Less: Accumulated amortisation	<u>(1,849,832)</u>	<u>(999,329)</u>
	1,755,149	1,474,747
Website and other intangibles - at cost	92,981	86,890
Less: Accumulated amortisation	(38,873)	(39,595)
Less: Impairment	<u>(16,617)</u>	<u>(16,617)</u>
	37,491	30,678
	<u><u>1,802,136</u></u>	<u><u>1,619,163</u></u>

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Note 14. Intangibles (continued)

Reconciliations

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

Group	<i>Intellectual property</i> \$	<i>Software</i> \$	<i>Website and other intangibles</i> \$	<i>Total</i> \$
Balance at 1 July 2022	111,305	818,599	22,456	952,360
Additions	1,971	1,188,428	19,975	1,210,374
Exchange differences	462	29,786	6,197	36,445
Impairment of assets	-	-	(9,042)	(9,042)
Amortisation expense	-	(562,066)	(8,908)	(570,974)
Balance at 30 June 2023	113,738	1,474,747	30,678	1,619,163
Additions	-	1,248,411	-	1,248,411
Revaluation	-	-	5,271	5,271
Exchange differences	(347)	(34,247)	1,542	(33,052)
Impairment of assets	(103,895)	-	-	(103,895)
Amortisation expense	-	(933,762)	-	(933,762)
Balance at 30 June 2024	<u>9,496</u>	<u>1,755,149</u>	<u>37,491</u>	<u>1,802,136</u>

Note 15. Trade and other payables

	Group	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	595,272	866,247
Accrued expenses and other payables	553,169	979,054
	<u>1,148,441</u>	<u>1,845,301</u>

Refer to note 23 for further information on financial instruments.

Note 16. Deferred revenue

	Group	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Deferred revenue	<u>28,829</u>	<u>6,499</u>

Reconciliation

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

Opening balance	6,499	-
Payments received in advance	28,829	6,499
Transfer to revenue - included in the opening balance	(6,499)	-
Closing balance	<u>28,829</u>	<u>6,499</u>

Note 16. Deferred revenue (continued)

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

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$28,829 as at 30 June 2024 (\$6,499 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Group	
	2024	2023
	\$	\$
Within 6 months	<u>28,829</u>	<u>6,499</u>

Note 17. Lease liabilities

	Group	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>360,948</u>	<u>342,921</u>
<i>Non-current liabilities</i>		
Lease liability	<u>286,995</u>	<u>659,973</u>

Refer to note 23 for further information on financial instruments.

Note 18. Issued capital

	Group			
	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,223,437,371</u>	<u>890,838,115</u>	<u>52,063,588</u>	<u>47,824,834</u>

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Note 18. Issued capital (continued)

Movements in ordinary share capital

Details	Date	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
Issue of shares	20 February 2023	136,363,636	\$0.033	4,500,000
Issue of shares on exercise of options	3 March 2023	1,000,000	\$0.030	30,000
Issue of shares in lieu of consulting fees	5 April 2023	499,998	\$0.030	15,000
Issue of shares	5 April 2023	8,212,121	\$0.033	271,000
Less: share issue transaction costs				(397,252)
Balance	30 June 2023	890,838,115		47,824,834
Issue of shares	17 July 2023	7,000,000	\$0.021	150,000
Issue of shares on vesting of performance rights to employees (excluding directors)	19 July 2023	1,376,052	\$0.028	38,529
Issue of shares in lieu of consulting fees	24 July 2023	500,000	\$0.029	14,500
Issue of shares in lieu of consulting fees	8 November 2023	1,000,000	\$0.030	30,000
Issue of shares	12 February 2024	137,931,034	\$0.014	2,000,000
Issue of shares	25 March 2024	148,377,885	\$0.014	2,077,290
Issue of shares	2 April 2024	35,714,285	\$0.014	500,000
Issue of shares on vesting of performance rights to employees (excluding directors)	4 April 2024	700,000	\$0.013	9,100
Deregistration of subsidiaries				(200)
Less: share issue transaction costs				(580,465)
Balance	30 June 2024	<u>1,223,437,371</u>		<u>52,063,588</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

Note 18. Issued capital (continued)

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

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 19. Reserves

	Group	
	2024	2023
	\$	\$
Foreign currency reserve	377,822	462,410
Share-based payments reserve	5,786,251	5,461,820
	<u>6,164,073</u>	<u>5,924,230</u>

Foreign currency reserve

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

Share-based payments reserve

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

Note 20. Accumulated losses

	Group	
	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	(44,432,922)	(43,911,959)
Loss after income tax expense for the year	(1,888,963)	(732,193)
Cancellation of share capital of subsidiaries on deregistration of entities	184	-
Transfer from share-based payments reserve	-	211,230
Accumulated losses at the end of the financial year	<u>(46,321,701)</u>	<u>(44,432,922)</u>

Note 21. Non-controlling interest

	Group	
	2024	2023
	\$	\$
Accumulated losses	<u>(32,002)</u>	<u>(7,654)</u>

The non-controlling interest has a 10% (30 June 2023: 10%) equity holding in Unith Research Labs B.V.

Note 22. Dividends

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

Note 23. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, other 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	
	2024	2023	2024	2023
Australian dollars				
United Kingdom Sterling	0.5207	0.5593	0.5290	0.5242
European Union Euros	0.6061	0.6421	0.6244	0.6104
United States Dollars	0.6558	0.6732	0.6693	0.6664

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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Australian Dollar	3,365,762	3,432,803	229,765	486,831
Euros	3,019,632	1,547,276	811,127	1,893,979
Pound Sterling	3,061,306	12,391	-	10,951
United States Dollar	402,223	371,065	-	444,056
Turkish Lira	-	9,446	-	-
South African Rand	-	194	-	-
Other	-	96,362	-	30,256
	<u>9,848,923</u>	<u>5,469,537</u>	<u>1,040,892</u>	<u>2,866,073</u>

Note 23. Financial instruments (continued)

Other price risk

The Group holds investments in unlisted entities, subject to valuations influenced by current market prices. Price risk emerges from uncertain future market prices, driving fluctuations in fair value and possible gains or losses. This dynamic is accentuated in unlisted investments, especially in the technology sector due to the sector's rapid advancement and dynamic market changes, resulting in notable shifts in value and associated gains or losses. The following sensitivity analysis of the Groups exposure to other price risk as an increase or decrease of 5% would result in an impact to the profit or loss of \$315,051 / (\$315,051) and equity of \$315,051 / (\$315,051).

Interest rate risk

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

The Group had no financial assets or financial liabilities so has no significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk relates to the carrying value of the financial instruments in the statement of financial position, which amount to \$4,233,292 (30 June 2023: \$4,565,755). 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.

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 2024 or 30 June 2023.

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 23. 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.

Group - 2024	<i>Weighted average interest rate</i> %	<i>1 year or less</i> \$	<i>Between 1 and 2 years</i> \$	<i>Between 2 and 5 years</i> \$	<i>Over 5 years</i> \$	<i>Remaining contractual maturities</i> \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	595,272	-	-	-	595,272
Accrued expenses and other payables	-	553,169	-	-	-	553,169
<i>Interest-bearing - variable</i>						
Lease liability	-	362,180	285,763	-	-	647,943
Total non-derivatives		<u>1,510,621</u>	<u>285,763</u>	<u>-</u>	<u>-</u>	<u>1,796,384</u>

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

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

Note 24. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Group - 2024	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
Assets				
Other financial assets	-	-	6,301,016	6,301,016
Total assets	<u>-</u>	<u>-</u>	<u>6,301,016</u>	<u>6,301,016</u>

Note 24. Fair value measurement (continued)

Group - 2023	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Assets</i>				
Other financial assets	-	-	4,332,892	4,332,892
Total assets	-	-	4,332,892	4,332,892

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.

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

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

Level 3 assets and liabilities

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

Group	<i>AudioStack*</i> \$	<i>In the Room Global Ltd</i> \$	<i>UneeQ Ltd</i> \$	<i>Total</i> \$
Balance at 1 July 2022	567,362	88,063	477,601	1,133,026
Gains recognised in profit or loss	1,259,013	1,495,738	-	2,754,751
Additions	-	279,385	-	279,385
Exchange differences	140,199	9,371	16,160	165,730
Balance at 30 June 2023	1,966,574	1,872,557	493,761	4,332,892
Gains recognised in profit or loss	2,002,292	-	-	2,002,292
Exchange differences	(23,477)	(10,514)	(177)	(34,168)
Balance at 30 June 2024	<u>3,945,389</u>	<u>1,862,043</u>	<u>493,584</u>	<u>6,301,016</u>

* Formerly Aflorithmic Labs Ltd

Note 25. 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	
	2024 \$	2023 \$
Short-term employee benefits	895,069	841,899
Post-employment benefits	9,386	-
Share-based payments	55,945	94,800
	<u>960,400</u>	<u>936,699</u>

Note 25. Key management personnel disclosures (continued)

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

Note 26. 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, and its network firms:

	Group	
	2024	2023
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	102,000	97,500
<i>Other services - RSM Australia Partners</i>		
Taxation services	43,500	-
	<u>145,500</u>	<u>97,500</u>
<i>Other services - RSM Australia Partners Netherlands</i>		
Taxation services	34,070	-
	<u>34,070</u>	<u>-</u>

Note 27. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 28. Commitments

There were no capital commitments as at 30 June 2024 and 30 June 2023.

Note 29. Related party transactions

Parent entity

Unith Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

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

Loans to/from related parties

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

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Note 30. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Profit after income tax	358,367	1,001,364
Total comprehensive income	<u>358,367</u>	<u>1,001,364</u>

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	3,489,201	2,902,226
Total assets	9,840,234	6,828,186
Total current liabilities	410,400	511,947
Total liabilities	410,400	511,947
Equity		
Issued capital	52,063,588	47,824,834
Reserves	6,338,575	6,076,209
Accumulated losses	(48,972,329)	(47,584,804)
Total equity	<u>9,429,834</u>	<u>6,316,239</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 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

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

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

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Note 31. 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 2024 %	Ownership interest 2023 %
Bongo IP Pty Ltd *	Australia	-	100%
Digital Global Marketing Pty Ltd	Australia	100%	100%
Crowd Mobile Co-Operatief U.A. * **	The Netherlands	100%	100%
Crowd Mobile QA Services B.V.	The Netherlands	100%	100%
Track Holdings B.V.	The Netherlands	100%	100%
Track Online B.V.	The Netherlands	100%	100%
Track Concepts B.V.	The Netherlands	100%	100%
Be Tracked Media B.V.	The Netherlands	100%	100%
Vivazz Mobile B.V.	The Netherlands	100%	100%
Track Mobile B.V.	The Netherlands	100%	100%
Immediato B.V.	The Netherlands	100%	100%
Mobilizo B.V.	The Netherlands	100%	100%
Yulara B.V.	The Netherlands	100%	100%
Crowd Mobile IP B.V.	The Netherlands	100%	100%
Crowd Media B.V.	The Netherlands	100%	100%
Inala QA B.V.	The Netherlands	100%	100%
Unith Research Labs SLU **	Spain	100%	100%

* Bongo IP Pty Ltd was deregistered during the year

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

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

Name	Principal place of business / Country of incorporation	Parent		Non-controlling interest	
		Ownership interest 2024 %	Ownership interest 2023 %	Ownership interest 2024 %	Ownership interest 2023 %
Unith Research Labs B.V.	The Netherlands	90%	90%	10%	10%

Note 32. Cash flow information

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

	Group	
	2024	2023
	\$	\$
Loss after income tax expense for the year	(1,913,311)	(739,847)
Adjustments for:		
Depreciation and amortisation	1,270,488	898,503
Impairment of assets	103,895	9,042
Revaluation of intangibles	(5,271)	-
Net fair value gain on investments	(2,002,292)	(2,754,751)
Share-based payments	361,090	198,662
Non-cash issue of shares	14,500	36,997
Non-operating interest received	(526)	-
Non-operating finance costs	-	71,539
Other	175,728	1,872
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(122,485)	236,038
(Increase)/decrease in accrued income	(22,551)	207,273
Decrease in prepayments	2,318	125,592
(Decrease)/increase in trade and other payables	(696,860)	432,771
Increase in deferred revenue	22,330	6,499
Decrease in employee benefits	(1,147)	(1,108)
Net cash used in operating activities	<u>(2,814,094)</u>	<u>(1,270,918)</u>

Changes in liabilities arising from financing activities

Group	Lease liabilities
	\$
Balance at 1 July 2022	1,226,221
Net cash used in financing activities	<u>(223,327)</u>
Balance at 30 June 2023	1,002,894
Net cash used in financing activities	(341,000)
Other changes	<u>(13,951)</u>
Balance at 30 June 2024	<u>647,943</u>

Note 33. Earnings per share

	Group	
	2024	2023
	\$	\$
Loss after income tax	(1,913,311)	(739,847)
Non-controlling interest	24,348	7,654
Loss after income tax attributable to the owners of Unith Ltd	<u>(1,888,963)</u>	<u>(732,193)</u>

Note 33. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,001,394,480	791,467,075
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,001,394,480</u>	<u>791,467,075</u>
	Cents	Cents
Basic earnings per share	(0.19)	(0.09)
Diluted earnings per share	(0.19)	(0.09)

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 34. Share-based payments

Options

Executive Share Options Plan ('ESOP')

The ESOP established by the Group granted 12,422,223 options over ordinary shares in the Company to certain employees of the Group. The options were granted in accordance with performance guidelines established by the Board. During the year, 6,742,223 options were cancelled and replaced with Performance rights.

Advisor Options

On 21 July 2023, the Company announced that 8,000,000 options were granted for settlement of capital raising fees. On 2 April 2024, the Company issued 10,000,000 unlisted options exercisable at \$0.023 and expiring on or before 30 September 2024 and 10,000,000 listed options exercisable at \$0.03 and expiring on or before 31 March 2026 to Evolution Capital Pty Ltd as part of capital raising fees.

Set out below are summaries of options granted:

2024							
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
30/01/2020	31/12/2023	\$0.030	4,752,000	-	-	(4,752,000)	-
01/10/2020	30/09/2023	\$0.030	7,500,000	-	-	(7,500,000)	-
18/10/2022	06/06/2025	\$0.050	1,500,000	-	-	-	1,500,000
18/10/2022	25/07/2024	\$0.060	750,000	-	-	-	750,000
10/02/2023	01/03/2024	\$0.035	462,222	-	-	(462,222)	-
10/02/2023	01/03/2025	\$0.040	3,726,667	-	-	(1,986,667)	1,740,000
10/02/2023	01/03/2026	\$0.050	3,726,667	-	-	(1,986,667)	1,740,000
10/02/2023	01/03/2027	\$0.060	4,506,667	-	-	(2,306,667)	2,200,000
30/06/2023	25/07/2024	\$0.060	8,000,000	-	-	-	8,000,000
02/04/2024	30/09/2024	\$0.023	-	10,000,000	-	-	10,000,000
02/04/2024	31/03/2026	\$0.030	-	10,000,000	-	-	10,000,000
			34,924,223	20,000,000	-	(18,994,223)	35,930,000

Note 34. Share-based payments (continued)

2023

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
13/12/2019	13/12/2022	\$0.030	10,000,000	-	(900,000)	(9,100,000)	-
13/12/2019	13/12/2022	\$0.050	5,850,000	-	-	(5,850,000)	-
13/12/2019	13/12/2022	\$0.070	5,850,000	-	-	(5,850,000)	-
30/01/2020	31/12/2023	\$0.030	4,752,000	-	-	-	4,752,000
01/10/2020	30/09/2023	\$0.030	7,500,000	-	-	-	7,500,000
18/10/2022	06/06/2025	\$0.050	-	1,500,000	-	-	1,500,000
18/10/2022	25/07/2024	\$0.060	-	750,000	-	-	750,000
10/02/2023	01/03/2024	\$0.035	-	462,222	-	-	462,222
10/02/2023	01/03/2025	\$0.040	-	3,726,667	-	-	3,726,667
10/02/2023	01/03/2026	\$0.050	-	3,726,667	-	-	3,726,667
10/02/2023	01/03/2027	\$0.060	-	4,506,667	-	-	4,506,667
30/06/2023	25/07/2024	\$0.060	-	8,000,000	-	-	8,000,000
			<u>33,952,000</u>	<u>22,672,223</u>	<u>(900,000)</u>	<u>(20,800,000)</u>	<u>34,924,223</u>

Performance rights

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

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

On 20 September 2021, the Company issued 3,000,000 performance rights to the CEO which vest over 3 years (year 1: 20% vest (600,000), year 2: 30% vest (900,000) and year 3: 50% vest (1,500,000)). The performance rights were issued under the Employee Performance Rights Share Plan approved by shareholders at the 2021 Annual General Meeting.

On 18 October 2022, the Company agreed to issue 6,250,000 PRs to employees, excluding the directors and CEO, which vest over 3 years on similar terms to those issued on 20 September 2021. The performance rights were issued under the Employee Performance Rights Share Plan approved by shareholders at the 2021 Annual General Meeting.

On 18 October 2022, the Company issued 1,000,000 PR's to a consultant that vest quarterly and expire 30 August 2023.

On 26 June 2024, the Company issued 10,500,000 performance rights to employees which vest over 3 years.

For employees that met the vesting conditions of performance rights that vested on 30 June 2024, the shares were issued in August 2024.

Note 34. Share-based payments (continued)

Set out below are summaries of performance rights granted:

2024

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
05/11/2020	30/06/2023	2,250,000	-	(708,675)	(1,541,325)	-
20/09/2021	20/09/2023	900,000	-	(900,000)	-	-
20/09/2021	20/09/2024	1,500,000	-	-	-	1,500,000
18/10/2022	30/06/2023	1,350,000	-	(667,377)	(682,623)	-
18/10/2022	30/06/2024	2,025,000	-	-	(150,000)	1,875,000
18/10/2022	30/06/2025	3,375,000	-	-	(250,000)	3,125,000
18/10/2022	30/08/2023	1,000,000	-	(1,000,000)	-	-
19/07/2023	30/06/2024	-	2,130,000	-	(550,000)	1,580,000
19/07/2023	30/06/2025	-	3,105,000	-	(825,000)	2,280,000
19/07/2023	30/06/2026	-	5,115,000	-	(1,375,000)	3,740,000
26/06/2024	30/06/2024	-	2,100,000	(2,100,000)	-	-
26/06/2024	30/06/2025	-	3,150,000	-	-	3,150,000
26/06/2024	30/06/2026	-	5,250,000	-	-	5,250,000
		12,400,000	20,850,000	(5,376,052)	(5,373,948)	22,500,000

2023

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

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
02/04/2024	30/09/2024	\$0.032	\$0.023	100.00%	-	3.54%	\$0.0010
02/04/2024	31/03/2026	\$0.032	\$0.030	100.00%	-	3.54%	\$0.0060

Note 34. Share-based payments (continued)

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
19/07/2023	30/06/2024	\$0.028	-	-	-	\$0.0028
19/07/2023	30/06/2025	\$0.028	-	-	-	\$0.0028
19/07/2023	30/06/2026	\$0.028	-	-	-	\$0.0028
26/06/2024	30/06/2024	\$0.013	-	-	-	\$0.0130
26/06/2024	30/06/2025	\$0.013	-	-	-	\$0.0130
26/06/2024	30/06/2026	\$0.013	-	-	-	\$0.0130

The total valuation for the performance rights granted during the current financial year is \$462,000. The expense for the year was \$245,233.

Note 35. Events after the reporting period

On 2 August 2024, the Company issued 4,166,725 shares to employees on the vesting of performance rights.

On 20 August 2024, the Company announced that the public launch of its self-service offering for users to utilise the Digital Human platform will be 23 September 2024.

No other matter or circumstance has arisen since 30 June 2024 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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Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Digital Global Marketing Pty Ltd	Body Corporate	Australia	100%	Australia
Crowd Mobile Co-Operatief U.A. *	Body Corporate	The Netherlands	100%	The Netherlands
Crowd Mobile QA Services B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Track Holdings B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Track Online B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Track Concepts B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Be Tracked Media B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Vivazz Mobile B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Track Mobile B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Immediato B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Mobilizo B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Yulara B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Crowd Mobile IP B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Crowd Media B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Inala QA B.V.	Body Corporate	The Netherlands	100%	The Netherlands
Unith Research Labs B.V.	Body Corporate	The Netherlands	90%	The Netherlands
Unith Research Labs SLU *	Body Corporate	Spain	100%	Spain

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

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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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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



Sytze Voulon
Non-Executive Chairman

30 August 2024
Perth

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INDEPENDENT AUDITOR'S REPORT To the Members of Unith Ltd

Qualified Opinion

We have audited the financial report of Unith Ltd ('the Company') and its controlled entities (together referred as 'the Group'), which comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, 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 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

As at 30 June 2024, Other financial assets reported in the statement of financial position include an Investment in *In the Room Global Ltd* with carrying value of \$1.8 million ('the investment'). *In the Room Global Ltd* is an unlisted entity, domiciliated in United Kingdom, and its equity instruments are not listed in an active market. Management was unsuccessful in obtaining sufficient information to support the fair value of this investment as at 30 June 2024. Therefore, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of this investment as at 30 June 2024. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 qualified 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. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<p>Going Concern assumption Refer to Note 2 in the financial statements</p>	
<p>The Group incurred a loss amounting to \$1.9 million and had net cash outflows from operating activities of \$2.8 million for the financial year ended 30 June 2024. After reviewing the cash flow forecast for the forthcoming period until 31 August 2025, the directors have concluded that there are reasonable grounds to believe that the Group will continue as a going concern, and therefore it is appropriate to adopt the going concern basis in the preparation of the financial report.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cashflow budget and the potential pervasive impact of this matter to the overall financial statements.</p>	<p>Our key audit procedures included, among others:</p> <ul style="list-style-type: none"> • Reviewing the current financial position of the Group; • Critically assessing the directors' reasons as to why they believe it is appropriate to prepare the financial report on a going concern basis. This included reviewing managements' forecast for a period of 12 months from the date of signing the financial statements; • Challenging the reasonableness of key assumptions used in the cash flow forecast and performing sensitivity analysis on key assumptions; • Understanding the forecast expenditure committed and what could be considered discretionary; • Conducting subsequent event procedures to assess whether the performance of the entity after 30 June 2024 is consistent to the forecast provided; and • Assessing the adequacy of the going concern disclosures in the financial report.
<p>Fair Value of Other financial assets Refer to Note 11 in the financial statements</p>	
<p>As at 30 June 2024, the Group carrying value of the investment in equity instruments in unlisted entities amounting to \$6.3 million (45% of total assets). The carrying value of these investments represents the determined fair value under AASB 9 <i>Financial Instruments</i>.</p> <p>The valuations of these investments are dependent on assumptions which require significant management judgment.</p> <p>We considered this a key audit matter given the significance of the balance to the Group's statement of financial position and the significant judgment required in estimating the fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Confirming the investment holding to supporting documentation, including relevant agreements between investor and investee; • Reviewing the investment arrangements to evaluate its terms and whether resulting accounting treatment is in compliance with the Australian Accounting Standards; • Assessing management's basis for fair value increases / decreases to its investments, including review of any recent capital raises undertaken by the investee, and the financial performance and financial position of the investees; and • Assessing the adequacy and completeness of disclosures in relation to the fair value.

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Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<p><i>Intangible Asset Capitalisation</i> Refer to Note 14 in the financial statements</p>	
<p>As at 30 June 2024, the Group had capitalised \$1.2 million of development costs in relation to the development of software technology.</p> <p>They are considered to be a Key Audit Matter due to the judgements required in determining whether these costs are capital in nature, the timing from which they should be capitalised, and the timing from when they should be amortised, as well as significant judgments about the probability of future economic benefits, and the accuracy of inputs such as wage rates and overhead calculations.</p> <p>In addition, consideration needs to be given as to whether there is any impairment risk over these assets.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the nature of the Group's development activities, and critically reviewing management's assessment that they meet the criteria for recognition as an intangible asset set out in AASB 138 <i>Intangible Assets</i>; • Obtaining the calculations and supporting workings used to quantify the capitalised software development costs, and performing tests of detail on a sample basis to obtain assurance that the costs incurred were directly attributable to the intangible assets, and therefore eligible for capitalisation; • In respect of costs capitalised during the year: challenging management on the basis for capitalisation and expected future benefits, and substantiating capitalised wages and salaries to payroll records for employees in the development team; • Considering management's assessment as to whether any impairment indicators exist and evaluating this assessment having due consideration of the evidence supplied and any other information gathered as part of the audit process; and • Evaluating the appropriateness of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 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:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Unith Ltd, for the year ended 30 June 2024, 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.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'R J Morillo Maldonado'.

R J MORILLO MALDONADO
Partner

Dated: 30 August 2024
Melbourne, Victoria

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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 26 August 2024 ('Reporting Date').

Corporate Governance Statement

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

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

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

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

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

Substantial shareholders

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

Distribution of equity securities

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

	Number of holders No.
Fully paid ordinary shares	2,589
Listed options exercisable at \$0.03 each on or before 31 March 2026	562
Unlisted options at \$0.023 expiring 30 September 2024	614
Unlisted options exercisable at \$0.04 each on or before 1 March 2025	6
Unlisted options exercisable at \$0.05 each on or before 6 June 2025	1
Unlisted options exercisable at \$0.05 each on or before 1 March 2026	6
Unlisted options exercisable at \$0.06 each on or before 1 March 2027	6
Performance rights vesting 30 June 2024 and expiring 30 June 2025	7
Performance rights vesting 30 June 2025 and expiring 30 June 2026	8
Performance rights vesting yearly from 30 June 2024 to 30 June 2026 at 20%, 30% and 50%	15

Distribution of ordinary shareholders

	Holders No.	Total units No.	Percentage of total shares %
Holdings ranges:			
1 to 1,000	96	6,598	-
1,001 to 5,000	60	191,691	0.02
5,001 to 10,000	178	1,599,754	0.13
10,001 to 100,000	1,309	56,171,001	4.58
100,001 and over	946	1,169,635,039	95.27
	<u>2,589</u>	<u>1,227,604,083</u>	<u>100.00</u>

Distribution of option holders

	Holders No.	Total options No.	Percentage of total options %
Holdings ranges:			
1 to 1,000	45	19,280	0.01
1,001 to 5,000	90	244,589	0.14
5,001 to 10,000	56	420,994	0.24
10,001 to 100,000	222	8,115,206	4.71
100,001 and over	149	163,500,298	94.90
	<u>562</u>	<u>172,300,367</u>	<u>100.00</u>

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

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

Total shares No.	UMP shares No.	UMP holders No.	Percentage of issued shares held by UMP holders %
1,227,604,083	8,587,284	739	0.007

Quoted securities

Twenty largest quoted equity security holders

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

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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
CITICORP NOMINEES PTY LIMITED	74,595,170	6.08
ASLAN EQUITIES PTY LTD (ASLAN EQUITIES A/C)	60,233,189	4.91
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE (THE MANDY SUPER FUND A/C)	45,756,883	3.73
818 CORPORATE PTY LTD (818 A/C)	37,000,000	3.01
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	23,224,452	1.89
BNP PARIBAS NOMS PTY LTD	22,811,587	1.86
MAESTRO CAPITAL PTY LTD (MAESTRO CAPITAL SUPER A/C)	22,531,184	1.84
D S A H HOLDINGS PTY LTD	18,484,045	1.51
MR NICOLA LUCANO	18,400,000	1.50
MR CZESLAW CZAPLA & MR ZDZISLAW CZAPLA	17,100,000	1.39
JACKVIE PTY LIMITED (JACKVIE FAMILY A/C)	15,095,893	1.23
10 BOLIVIANOS PTY LTD	10,857,143	0.88
MR JOSEPH MITCHELL NEWBERY	10,581,312	0.86
NEAVERSON SUPER FUND PTY LIMITED (NEAVERSON SUPER FUND A/C)	10,057,335	0.82
MR CHRISTIAAN EDWARD JARVIS	10,010,000	0.82
SIMNER PTY LTD (SIMON MCDONNELL FAMILY A/C)	10,000,000	0.81
MR ROBERT GEMELLI	9,963,935	0.81
CM8 PTY LTD	9,926,258	0.81
HOUSE OF HOMES PTY LTD	9,100,000	0.74
MR ANDREW MARK DUNCAN	8,884,845	0.72
	<u>444,613,231</u>	<u>36.22</u>

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Listed options

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

	Options over ordinary shares	
	Number held	% of total options issued
CITICORP NOMINEES PTY LIMITED	28,613,237	16.61
ASLAN EQUITIES PTY LTD (ASLAN EQUITIES A/C)	13,011,294	7.55
EVOLUTION CAPITAL PTY LTD	10,000,000	5.80
123 HOME LOANS PTY LTD	7,500,000	4.35
JAZ FUTURE FUND PTY LTD (ARR SUPERANNUATION FUND A/C)	6,600,001	3.83
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,655,173	2.70
MR CHRISTIAAN EDWARD JARVIS	4,500,000	2.61
MR RODNEY PATRICK CALLAHAN	3,349,381	1.94
UBS NOMINEES PTY LTD	2,930,751	1.70
CM8 PTY LTD	2,797,978	1.62
MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE (THE MANDY SUPER FUND A/C)	2,785,715	1.62
MR SHAUN STEFAN RODRICKS	2,671,042	1.55
MR CZESLAW CZAPLA & MR ZDZISLAW CZAPLA	2,620,000	1.52
MR NEVILLE WILLIAM HINRICHSEN	2,500,000	1.45
MR ROBERT GEMELLI	2,278,198	1.32
MR HO CHING CHAN	2,039,286	1.18
CONRAD JOSEPH LAWRENCE GOODGER	1,832,968	1.06
MR ANDREW MARK DUNCAN	1,787,500	1.04
JACKVIE PTY LIMITED (JACKVIE FAMILY A/C)	1,787,500	1.04
MR YING WAH YOONG	1,764,286	1.02
	<u>106,024,310</u>	<u>61.51</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 \$0.023 each on or before 30 September 2024	172,300,350	614
Options exercisable at \$0.04 each on or before 1 March 2025	1,740,000	6
Options exercisable at \$0.05 each on or before 6 June 2025	1,500,000	1
Options exercisable at \$0.05 each on or before 1 March 2026	1,740,000	6
Options exercisable at \$0.06 each on or before 1 March 2027	2,200,000	6
Performance rights expiring 30 June 2025	1,875,000	7
Performance rights expiring 30 June 2026	4,625,000	8
Performance rights expiring 30 June 2026	12,620,000	15

Voting rights

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

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

Voluntary escrow

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

Stock Exchange Listing

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

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

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.

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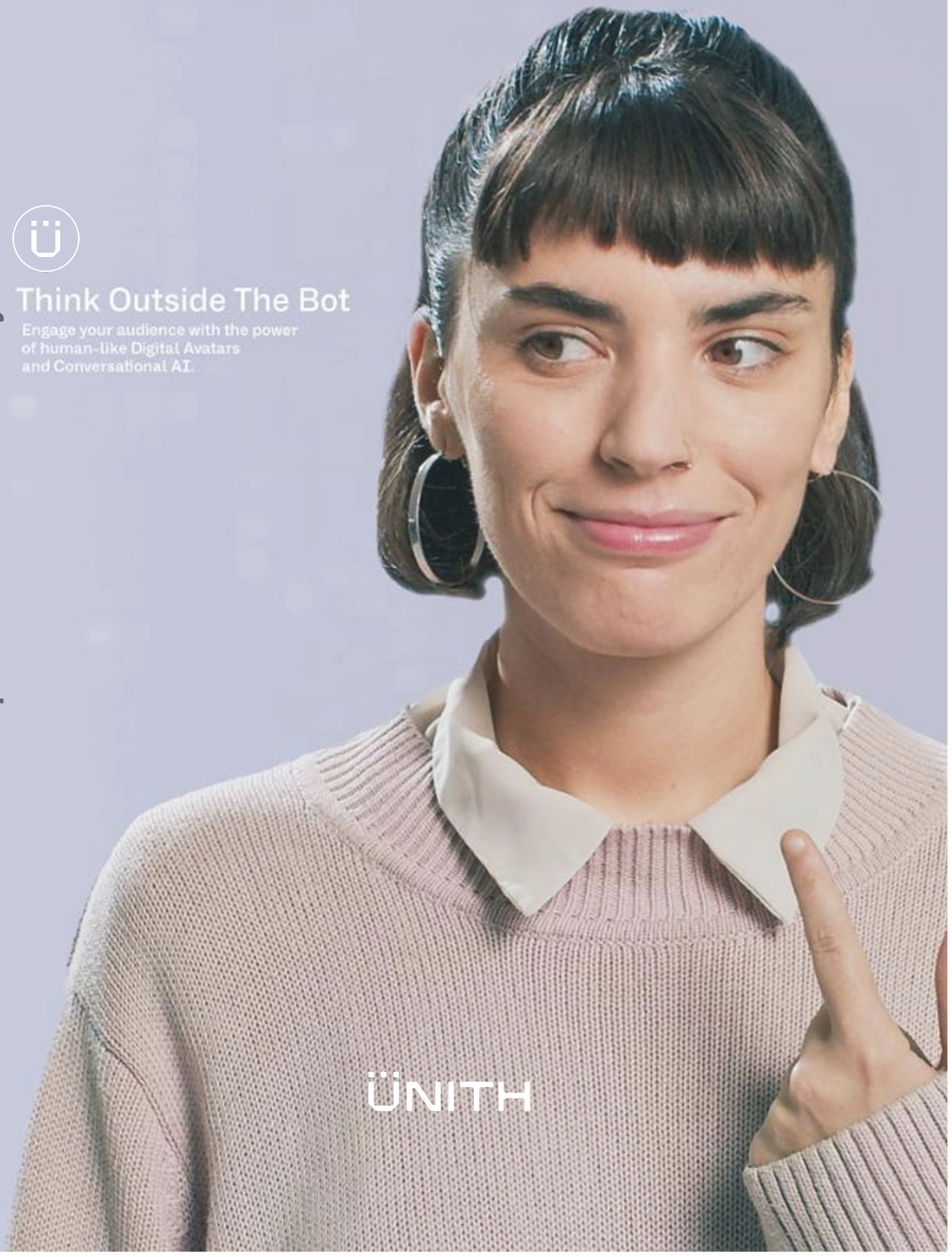
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Think Outside The Bot

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