

Unith Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Unith Ltd
ABN:	13 083 160 909
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	Down	4.9%	2,308,979
Loss from ordinary activities after tax attributable to the owners of Unith Ltd	up	1,353.5% to	(3,547,127)
Loss for the half-year attributable to the owners of Unith Ltd	up	1,353.5% to	(3,547,127)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$3,547,127 (31 December 2023: \$244,044).

The loss included an impairment write down of \$1,764,163 in relation to the investment held in In the Room Global Ltd.

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.53	0.84
	Group	
	31 Dec 2024	31 Dec 2023
	\$	\$
Net Assets	8,623,548	9,377,209
Less: Intangibles	(2,065,543)	(1,822,727)
Net Tangible assets	6,558,005	7,554,482
Total shares issued (no.)	1,228,785,414	900,714,167

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:
Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):
The Interim Report of Unith Ltd for the half-year ended 31 December 2024 is attached.

12. Signed

Signed  _____

Sytze Voulon
Non-Executive Chairman
Perth

Date: 28 February 2025

Unith Ltd

ABN 13 083 160 909

Interim Report - 31 December 2024

Unith Ltd
Contents
31 December 2024

Directors' report	2
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	21
Independent auditor's review report to the members of Unith Ltd	22

Unith Ltd
Directors' report
31 December 2024

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 half-year ended 31 December 2024.

Directors

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

Sytze Voulon	Chairman
Scott Mison	
Justin Baird	
Gary Cox	(resigned 4 February 2025)
Antony Eaton	(appointed 4 February 2025)

Principal activities

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

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,547,127 (31 December 2023: \$244,044).

Operational Review

Digital Human Technology Review

UNITH's Go-to-Market strategy continued to build momentum over the Company's H1 FY25 reporting period. Over this time, lead generation initiatives secured more than 700 leads from targeted campaigns across key social media platforms.

The Company at the same time undertook an ongoing program of product demonstrations designed to drive substantial volumes of new customer acquisitions. This work helped refine target audiences, optimise messaging, and streamline processes.

To address sales team capacity challenges, UNITH is now actively developing a Digital Human to assist with lead qualification. This initiative will enhance efficiency and enable the team to scale outreach efforts.

Platform Growth – interFace

In September 2024, UNITH achieved a major milestone with the launch of interFace, a proprietary self-service platform that democratises the creation and management of Digital Humans for businesses of all sizes (see ASX announcement dated 23 September 2024). InterFace has introduced a range of capabilities that UNITH has developed over the past three years in a way that eliminates all the complexity and makes it possible for non-technical personas to leverage state of the art technology to create Digital Humans at scale. This brings together a:

- Proprietary Visual Synthesis Engine that creates realistic avatars in near real time
- Huge library of synthesised voices that provide coverage for all major languages and accents
- Conversational engine that delivers a realistic conversation
- Whole host of underlying configuration parameters that allow customisation and personalisation.

interFace has quickly gained traction post its September 2024 launch, penetrating target clients operating in a wide range of sectors and job functions, including technology, education, telecommunications, and marketing. This demonstrated the success of digital marketing campaigns starting in October 2024, which will remain active throughout UNITH's 2025 fiscal year.

In another key marketing initiative, UNITH has appointed authorised resellers for interFace in Indonesia and Australia.

In results that emphasise the interFace platform's versatility and broad appeal, by the end of H1 FY25, it had:

- More than 400 registered users.
- A 1,600% increase in facilitated conversations to Q2 FY25.

Infrastructure 2.0 Launch

In another significant H1 FY25 achievement, UNITH successfully deployed its 'Infrastructure 2.0' initiative, which delivered the following significant technological advancements:

- Scalability
- Fault Tolerance
- Near-Zero Downtime
- Enhanced Security
- Developer Efficiency
- Improved Performance.

There are now more than 2,300 live digital humans including a large portion of UNITH Digital Humans which have been monetised, directly impacting the Company's top line revenue via the subscription division.

Research & Development Milestone

H1 FY25 saw UNITH achieve 'Research and Development' validation from the Spanish Government, leading to a net return of more than A\$0.270 million for the 2023 Spanish Fiscal Year through monetised tax deductions. This milestone underscores the innovative and disruptive nature of UNITH's solutions, with sustained and potentially increasing returns expected in the coming years. The funds are expected within the next year.

Key Accounts Information

- **Alliance for Public Health (APH):** UNITH continued its partnership with the Alliance for Public Health (APH) to support TWIIN, an innovative digital assistant transforming healthcare delivery in crisis settings.
- **New client engagements:** UNITH locked in a significant number of new client engagements, including facilities management company ClubLinks, tech startup CloneByMe, a generative AI business CloneByMe, generative AI business Talkmaster AI, bot generation business Graphlogic, Indonesia-based digital solutions company LinkIt and Australian digital business solutions group Time Under Tension.

B2C Subscription division

B2C Subscription revenue totalled \$2.267 million in H1 FY25, with this figure underpinned by steady subscriber acquisition and retention across key markets, while maintaining stable marketing investment levels. Its continued focus on optimizing customer acquisition costs and enhancing the user experience resulted in sustained growth momentum and a successful expansion into new markets.

In another positive, this growth momentum accelerated over the course of H1 FY25, with B2C Subscription's unaudited revenue for the December 2024 quarter its highest quarterly revenue figure over the past two years. More than half of the latter quarter's revenue was derived from the UNITH-developed AI Apps.

B2C Subscription's subscriber base, pushed up through the 700,000 mark in H1 FY25, with active users spread across the APAC, MENA, and EU regions.

Unith Ltd
Directors' report
31 December 2024

The Company's European footprint was strengthened by the launch in late H1 FY25 of localised apps tailored to domestic markets. The *BedtimeStories* app debuted in Serbia, the *AI Travel* app launched in Slovakia, and the *Article+* app expanded into Romania, signalling our commitment to the needs and preferences in regional markets. When combined, these three markets have more than 20 million addressable users and represent a significant opportunity for future growth.

B2C Subscription's push into new markets has seen the latter division's geographic footprint expand to 36 countries, which fed through to active subscriber volumes. Advanced personalisation features powered by AI facilitated higher user engagement and premium conversions, while enhanced localisation capabilities have ensured superior user experiences across diverse regions.

With an eye to better managing growing demand evident across the B2C Subscription division (its rising user base included), UNITH invested over \$50,000 in upgrading the division's server infrastructure to ensure it can better support its expanding user base.

Financial Results

The Group earned revenue for the half-year ended 31 December 2024 of \$2,308,979 versus \$2,428,950 in the prior half-year ended 31 December 2023 ('pcp' or 'prior half-year'). The Group's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of \$2,787,297 for the half-year (pcp: profit of \$374,912) and the net loss after tax ('NPAT') for the half-year was (\$3,547,127) (pcp: loss of \$244,044). The Group's net asset position at 31 December 2024 was \$8,623,548 (30 June 2024: \$11,873,958).

Comparison of half-year ended 31 December 2024 to 31 December 2023

	31 Dec 2024 \$	31 Dec 2023 \$	Increase/ (decrease) \$	Percentage change %
Revenue	2,308,979	2,428,950	(119,971)	(5%)
Net fair value gain/(loss) on investments	(1,748,321)	2,001,939	(3,750,260)	(187%)
Unrealised foreign exchange gain or (loss)	313,156	(115,180)	428,336	(372%)
Cost of sales	(374,408)	(426,229)	51,821	(12%)
Selling, general and administration expenses	(3,286,500)	(3,533,201)	(246,701)	(7%)
Impairment expenses and expected credit losses	(203)	18,633	(18,836)	(101%)
EBITDA	(2,787,297)	374,912	(3,162,209)	(843%)
Interest Revenue	1,593	472	1,121	238%
Depreciation and amortisation	(742,409)	(579,829)	(162,580)	28%
Finance costs	(19,014)	(39,599)	20,585	(52%)
NPAT	(3,547,127)	(244,044)	(3,303,083)	1,353%

Notably, the Group's EBITDA and net loss includes non-cash fair value loss on investments of \$1,748,321 and non-cash share-based payment charges of \$178,823. When adjusting for these effects, consistent with performance measures reported to shareholders during the half-year, the underlying EBITDA for the financial half-year is a loss of (\$1,206,897), as follows:

	31 Dec 2024 \$	31 Dec 2023 \$	Increase/ (decrease) \$	Percentag e change %
NPAT	(3,547,127)	(244,044)	(3,303,083)	1,353%
Add back: finance costs	19,014	39,599	(20,585)	(52%)
Deduct: interest revenue	(1,593)	(472)	(1,121)	238%
Add back:	742,409	579,829	162,580	28%
EBITDA	<u>(2,787,297)</u>	<u>374,912</u>	<u>(3,162,209)</u>	<u>(843%)</u>
Add back: impairment expenses (non-cash)	1,748,321	(18,633)	1,766,954	(9,483%)
Add back: share-based payments expense (non-cash)	178,823	172,153	6,670	4%
Deduct: fair value gain on investments (non-cash)	-	(2,001,939)	2,001,939	(100%)
Effects of exchange rate changes	<u>(346,744)</u>	<u>100,721</u>	<u>(447,465)</u>	<u>(444%)</u>
Underlying EBITDA	<u>(1,206,897)</u>	<u>(1,372,786)</u>	<u>165,889</u>	<u>(12%)</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 under AAS adjusted for non-cash and significant items.

Revenue

For the half-year, revenue from the Group's operations totalled \$2,308,979pcp: \$2,428,950). Revenue was represented by Subscription of \$2,266,533 (pcp: \$2,254,528) and Digital Humans of \$310,710 (pcp: \$399,422).

Expenses

(i) Cost of sales

For the half-year, the Group's cost of sales was \$374,408 (pcp: \$426,229). Cost of sales as a percentage of revenue is expected to be stable for the remainder of the financial year.

(ii) Selling, general and administration expense

The Group's selling, general and administration expenses (including marketing/user acquisition costs) of \$3,286,500 for the half-year decreased by 7% compared to the prior period. There was a \$300,000 decrease in advertising costs as a direct result of bringing google buying in house for the subscription division.

(iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the half-year was \$742,409 (pcp: \$579,829). The increase from prior period is mainly due to amortisation on software intangible assets.

(iv) Finance costs

The consolidated finance costs for the half-year of \$19,014 decreased by 52% from \$39,599 for the prior half-year.

(v) Income tax expense/(benefit)

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

Cash flow

The Group's net cash used by operating activities for the half-year was (\$1,565,775), a decrease of \$481,882 or 24%,

The net cash used by investing activities for the half-year was (\$372,227), mainly used for development of IP and sale of investment proceeds.

Net cash flow from financing activities was (\$131,351).

Liquidity and Financial Position

At the Group's 31 December 2024 reporting date:

- Cash and cash equivalents ('cash') were \$1,681,000 (30 June 2024: \$3,805,685).
- Working capital (defined as current assets less current liabilities) was \$1,938,539 (30 June 2024: \$3,360,171).
- Net assets were \$8,623,548 (30 June 2023: \$11,873,958).

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

Significant changes in the state of affairs

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.

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

Matters subsequent to the end of the financial half-year

On 6 January 2025, the Company received \$398,969 from the sale of a portion of Audiostack shares. The sale price was equal to the fair value as at 31 December 2024.

On 4 February 2025, the Company announced the resignation of Mr Gary Cox and the appointment of Mr Anthony Eaton as a director.

Auditor's independence declaration

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

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

On behalf of the directors



Sytze Voulon
Non-Executive Chairman
Perth
28 February 2025

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Unith Ltd and its controlled entities for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

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

R J MORILLO MALDONADO
Partner

Dated: 28 February 2025
Melbourne, Victoria

Unith Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

		Group	
	Note	31 Dec 2024	31 Dec 2023
		\$	\$
Revenue			
Revenue	4	2,308,979	2,428,950
Cost of Sales		<u>(374,408)</u>	<u>(426,229)</u>
Gross profit		<u>1,934,571</u>	<u>2,002,721</u>
Interest revenue calculated using the effective interest method		1,593	472
Net fair value (loss) / gain on investments		(1,748,321)	2,001,939
Unrealised foreign exchange gain or (loss)		313,156	(115,180)
Expenses			
Marketing		(947,721)	(1,232,651)
Administration and other expenses		(301,340)	(337,167)
Consultants		(494,054)	(458,347)
Depreciation and amortisation expense		(742,409)	(579,829)
Employee benefits expense		(1,282,191)	(1,263,488)
Travel and accommodation		(82,371)	(96,220)
Share-based payments		(178,823)	(172,153)
Allowance for expected credit losses		(203)	18,631
Finance costs		<u>(19,014)</u>	<u>(39,599)</u>
Loss before income tax expense		(3,547,127)	(244,044)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year		(3,547,127)	(244,044)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>92,879</u>	<u>(25,017)</u>
Other comprehensive income for the half-year, net of tax		<u>92,879</u>	<u>(25,017)</u>
Total comprehensive income for the half-year		<u><u>(3,454,248)</u></u>	<u><u>(269,061)</u></u>
Loss for the half-year is attributable to:			
Non-controlling interest		-	(21,309)
Owners of Unith Ltd		<u>(3,547,127)</u>	<u>(222,735)</u>
		<u><u>(3,547,127)</u></u>	<u><u>(244,044)</u></u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	(21,309)
Owners of Unith Ltd		<u>(3,454,248)</u>	<u>(247,752)</u>
		<u><u>(3,454,248)</u></u>	<u><u>(269,061)</u></u>
		Cents	Cents
Basic earnings per share	9	(0.29)	(0.02)
Diluted earnings per share	9	(0.29)	(0.02)

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

Unith Ltd
Statement of financial position
As at 31 December 2024

		Group	
	Note	31 Dec 2024	30 Jun 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,681,000	3,805,685
Trade and other receivables		734,909	427,807
Contract assets		764,189	512,126
Other		113,257	163,003
Total current assets		<u>3,293,355</u>	<u>4,908,621</u>
Non-current assets			
Other financial assets	5	4,112,137	6,301,016
Property, plant and equipment		98,391	59,901
Right-of-use assets		509,821	637,729
Intangibles	6	2,065,543	1,802,136
Total non-current assets		<u>6,785,892</u>	<u>8,800,782</u>
Total assets		<u>10,079,247</u>	<u>13,709,403</u>
Liabilities			
Current liabilities			
Trade and other payables		944,064	1,148,441
Contract liabilities		3,475	28,829
Lease liabilities		388,694	360,948
Employee benefits		18,583	10,232
Total current liabilities		<u>1,354,816</u>	<u>1,548,450</u>
Non-current liabilities			
Lease liabilities		100,883	286,995
Total non-current liabilities		<u>100,883</u>	<u>286,995</u>
Total liabilities		<u>1,455,699</u>	<u>1,835,445</u>
Net assets		<u>8,623,548</u>	<u>11,873,958</u>
Equity			
Issued capital	7	52,153,187	52,063,588
Reserves		6,371,191	6,164,073
Accumulated losses		(49,868,828)	(46,321,701)
Equity attributable to the owners of Unith Ltd		8,655,550	11,905,960
Non-controlling interest		(32,002)	(32,002)
Total equity		<u>8,623,548</u>	<u>11,873,958</u>

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

Unith Ltd
Statement of changes in equity
For the half-year ended 31 December 2024

Group	Issued capital \$	Foreign Currency Reserves \$	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 half-year	-	-	-	(222,735)	(21,309)	(244,044)
Other comprehensive income for the half-year, net of tax	-	(25,017)	-	-	-	(25,017)
Total comprehensive income for the half-year	-	(25,017)	-	(222,735)	(21,309)	(269,061)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	154,659	-	10,970	-	-	165,629
Share-based payments (note 10)	-	-	172,153	-	-	172,153
Issue of shares on vesting of performance rights	38,529	-	(38,529)	-	-	-
Balance at 31 December 2023	<u>48,018,022</u>	<u>437,393</u>	<u>5,606,414</u>	<u>(44,655,655)</u>	<u>(28,963)</u>	<u>9,377,209</u>
Group	Issued capital \$	Foreign Currency Reserves \$	Share-based Payments Reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2024	52,063,588	377,822	5,786,251	(46,321,701)	(32,002)	11,873,958
Loss after income tax expense for the half-year	-	-	-	(3,547,127)	-	(3,547,127)
Other comprehensive income for the half-year, net of tax	-	92,879	-	-	-	92,879
Total comprehensive income for the half-year	-	92,879	-	(3,547,127)	-	(3,454,248)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 7)	25,015	-	-	-	-	25,015
Share-based payments (note 10)	-	-	178,823	-	-	178,823
Issue of shares on vesting of performance rights	64,584	-	(64,584)	-	-	-
Balance at 31 December 2024	<u>52,153,187</u>	<u>470,701</u>	<u>5,900,490</u>	<u>(49,868,828)</u>	<u>(32,002)</u>	<u>8,623,548</u>

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

Unith Ltd
Statement of cash flows
For the half-year ended 31 December 2024

		Group	
	Note	31 Dec 2024	31 Dec 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,410,066	2,297,110
Payments to suppliers and employees (inclusive of GST)		<u>(3,958,388)</u>	<u>(4,305,640)</u>
		(1,548,322)	(2,008,530)
Interest received		-	472
Interest and other finance costs paid		<u>(17,453)</u>	<u>(39,599)</u>
Net cash used in operating activities		<u>(1,565,775)</u>	<u>(2,047,657)</u>
Cash flows from investing activities			
Payments for intangibles	6	(771,194)	(599,792)
Proceeds from disposal of investments		<u>398,967</u>	<u>-</u>
Net cash used in investing activities		<u>(372,227)</u>	<u>(599,792)</u>
Cash flows from financing activities			
Proceeds from exercise of options		25,015	-
Repayment of lease liabilities		<u>(158,366)</u>	<u>(163,077)</u>
Net cash used in financing activities		<u>(133,351)</u>	<u>(163,077)</u>
Net decrease in cash and cash equivalents		(2,071,353)	(2,810,526)
Cash and cash equivalents at the beginning of the financial half-year		3,805,685	4,260,433
Effects of exchange rate changes on cash and cash equivalents		<u>(53,332)</u>	<u>(54,445)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,681,000</u></u>	<u><u>1,395,462</u></u>

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

Note 1. General Information

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

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

Registered Office

202/37 Barrack Street
Perth WA 6000
Australia

Principal place of business

95B Piet Heinkade
1019 GM Amsterdam
Netherlands

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business. During the half-year ended 31 December 2024, the Group incurred a net loss \$3,547,127 and had cash outflows from operating activities of \$1,565,775. The Group is currently in the development phase of its new technology products and is in the early stages of commercialization. Consequently, it relies on external funding to sustain ongoing operations and to continue the development of its technology products.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

Note 2. Material accounting policy information (continued)

- As at 31 December 2024, the Group holds cash and cash equivalents of \$1,680,000:
- The Group has no capital commitments;
- Subsequent to 31 December 2024 (please refer to Note 11); the group received \$398,969 from the divestment of Audiostack, that further strengthened the cash position of the Group; and
- The Directors are confident in their funding strategies, which include the potential sale of non-operational assets / or the Group ability to raise capital. The Group has a positive track record of its capacity to raise funds to support of its business plan.

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

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

Note 3. Operating segments

Identification of reportable operating segments

The Group has three operating segments during the financial half-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 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 Segment	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.

Unith Ltd
Notes to the financial statements
31 December 2024

Note 3. Operating segments (continued)

Operating segment information

	Subscription \$	Digital Human \$	Other Segments \$	Total \$
Group - 31 Dec 2024				
Revenue				
Sales to external customers	2,266,534	310,710	-	2,577,244
Intersegment sales	-	(268,265)	-	(268,265)
Total revenue	<u>2,266,534</u>	<u>42,445</u>	<u>-</u>	<u>2,308,979</u>
EBITDA	150,706	(473,450)	(2,462,970)	(2,785,714)
Depreciation and amortisation	(210,268)	(524,785)	(7,346)	(742,399)
Finance costs	-	-	(19,014)	(19,014)
Loss before income tax expense	<u>(59,562)</u>	<u>(998,235)</u>	<u>(2,489,330)</u>	<u>(3,547,127)</u>
Income tax expense				-
Loss after income tax expense				<u>(3,547,127)</u>
Assets				
Segment assets	2,466,979	1,797,409	5,814,859	10,079,247
Total assets				<u>10,079,247</u>
Liabilities				
Segment liabilities	1,142,203	137,406	176,090	1,455,699
Total liabilities				<u>1,455,699</u>
Group - 31 Dec 2023				
Revenue				
Sales to external customers	2,254,528	399,422	-	2,653,950
Intersegment sales	-	(225,000)	-	(225,000)
Total revenue	<u>2,254,528</u>	<u>174,422</u>	<u>-</u>	<u>2,428,950</u>
EBITDA	(234,422)	(279,529)	888,865	374,914
Depreciation and amortisation	(216,072)	(244,628)	(119,129)	(579,829)
Interest revenue	-	-	472	472
Finance costs	(36,331)	11,195	(14,463)	(39,599)
Profit/(loss) before income tax expense	<u>(486,825)</u>	<u>(512,962)</u>	<u>755,745</u>	<u>(244,042)</u>
Income tax expense				-
Loss after income tax expense				<u>(244,042)</u>

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	30 Jun 2024
	\$	\$	\$	\$
Australasia	361,337	-	41,557	186,765
Europe	1,451,909	1,617,999	2,632,235	2,493,878
Latin America	108,948	128,219	-	-
Middle East and Africa	386,785	567,750	-	-
Other	-	114,982	-	-
	<u>2,308,979</u>	<u>2,428,950</u>	<u>2,673,792</u>	<u>2,680,643</u>

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

Note 4. Revenue

Disaggregation of revenue

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

	Subscription	Digital Human	Intersegment Revenue	Total
	\$	\$	\$	\$
Group - 31 Dec 2024				
<i>Major product lines</i>				
Entertainment and content	2,266,534	-	-	2,266,534
Software licensing	-	310,710	(268,265)	42,445
	<u>2,266,534</u>	<u>310,710</u>	<u>(268,265)</u>	<u>2,308,979</u>
<i>Geographical regions</i>				
Australasia	361,337	-	-	361,337
Europe	1,409,464	310,710	(268,265)	1,451,909
Latin America	108,948	-	-	108,948
Middle East and Africa	386,785	-	-	386,785
	<u>2,266,534</u>	<u>310,710</u>	<u>(268,265)</u>	<u>2,308,979</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	<u>2,266,534</u>	<u>310,710</u>	<u>(268,265)</u>	<u>2,308,979</u>

Unith Ltd
Notes to the financial statements
31 December 2024

Note 4. Revenue (continued)

Group - 31 Dec 2023	Subscription \$	Digital Human \$	Intersegment Revenue \$	Total \$
<i>Major product lines</i>				
Entertainment and content	2,254,528	-	-	2,254,528
Software licensing	-	399,422	(225,000)	174,422
	<u>2,254,528</u>	<u>399,422</u>	<u>(225,000)</u>	<u>2,428,950</u>
<i>Geographical regions</i>				
Europe	1,472,790	370,209	(225,000)	1,617,999
Latin America	128,219	-	-	128,219
Middle East and Africa	567,750	-	-	567,750
Other	85,769	29,213	-	114,982
	<u>2,254,528</u>	<u>399,422</u>	<u>(225,000)</u>	<u>2,428,950</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	<u>2,254,528</u>	<u>399,422</u>	<u>(225,000)</u>	<u>2,428,950</u>

Note 5. Other financial assets

Group	Audiostack \$	In The Room Global Ltd \$	Uneeq Ltd \$	Total \$
<i>Balance at 1 July 2024</i>	3,945,389	1,862,043	493,584	6,301,016
Disposal	(796,936)	-	-	(796,936)
Exchange difference	235,707	100,407	36,106	372,220
Fair value gain or (loss) through profit and loss	-	(1,764,163)	-	(1,764,163)
	<u>3,384,160</u>	<u>198,287</u>	<u>529,690</u>	<u>4,112,137</u>

Reconciliation

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

Opening carrying amount	6,301,016	4,332,892
Disposal	(796,936)	-
Fair value gain or (loss) through profit and loss	(1,764,163)	2,002,292
Exchange differences	372,220	(34,168)
Closing carrying amount	<u>4,112,137</u>	<u>6,301,016</u>

Unith Ltd
Notes to the financial statements
31 December 2024

Note 6. Intangibles

	Group	
	31 Dec 2024	30 Jun 2024
	\$	\$
<i>Non-current assets</i>		
Intellectual property - at cost	9,799	9,496
Software - at cost	4,532,558	3,604,981
Less: Accumulated amortisation	(2,515,635)	(1,849,832)
	<u>2,016,923</u>	<u>1,755,149</u>
Website and other intangibles - at cost	95,879	92,981
Less: Accumulated amortisation	(57,058)	(55,490)
	<u>38,821</u>	<u>37,491</u>
	<u><u>2,065,543</u></u>	<u><u>1,802,136</u></u>

Reconciliations

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

Group	Intellectual property \$	Software \$	Website and other Intangibles \$	Total \$
Balance at 1 July 2024	9,496	1,755,149	37,491	1,802,136
				771,000
Additions	-	771,000	-	
Exchange differences	303	87,346	677	88,326
Revaluation	-	-	653	653
Amortisation expense	-	(596,572)	-	(596,572)
Balance at 31 December 2024	<u>9,799</u>	<u>2,016,923</u>	<u>38,821</u>	<u>2,065,543</u>

Note 7. Issued capital

	Group			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,228,772,914</u>	<u>1,223,437,371</u>	<u>52,153,187</u>	<u>52,063,588</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	1,223,437,371		52,063,588
Issue of shares on vesting of performance rights to employees (excluding directors)	19/07/2024	4,166,725	\$0.015	64,584
Issue of options	30/09/2024	1,181,318	\$0.023	27,458
Less: share issue transaction costs		-	\$0.000	(2,443)
Balance	31 December 2024	<u>1,228,785,414</u>		<u>52,153,187</u>

Unith Ltd
Notes to the financial statements
31 December 2024

Note 8. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity'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 - 31 Dec 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Other financial assets	-	-	4,112,137	4,112,137
Total assets	-	-	4,112,137	4,112,137

Group - 30 Jun 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Other financial assets	-	-	6,301,016	6,301,016
Total assets	-	-	6,301,016	6,301,016

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

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

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

Level 3 assets and liabilities

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

Group	AudioStack (formerly Aflorithmic Labs Ltd) \$	In the Room Global Ltd \$	UneeQ Ltd \$	Total \$
Balance at 1 July 2024	3,945,389	1,862,043	493,584	6,301,016
Disposal	(796,936)	-	-	(796,936)
Exchange differences	235,707	100,407	36,106	372,220
Fair value gain or (loss) through profit and loss	-	(1,764,163)	-	(1,764,163)
Balance at 31 December 2024	3,384,160	198,287	529,690	4,112,137

Unith Ltd
Notes to the financial statements
31 December 2024

Note 9. Earnings per share

	Group	
	31 Dec 2024	31 Dec 2023
	\$	\$
Loss after income tax	(3,547,127)	(244,044)
Non-controlling interest	-	21,309
Loss after income tax attributable to the owners of Unith Ltd	<u>(3,547,127)</u>	<u>(222,735)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,227,793,561</u>	<u>899,201,820</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,227,793,561</u>	<u>899,201,820</u>
	Cents	Cents
Basic earnings per share	(0.29)	(0.02)
Diluted earnings per share	(0.29)	(0.02)

Options and performance rights have been excluded from the above calculation at 31 December 2024 as their inclusion would be anti-dilutive.

Note 10. Share-based payments

Set out below are summaries of options granted:

31 Dec 2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
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	01/03/2025	\$0.040	1,740,000	-	-	-	1,740,000
10/02/2023	01/03/2026	\$0.050	1,740,000	-	-	-	1,740,000
10/02/2023	01/03/2027	\$0.060	2,200,000	-	-	-	2,200,000
30/06/2023	25/07/2024	\$0.060	8,000,000	-	-	(8,000,000)	-
02/04/2024	30/09/2024	\$0.020	10,000,000	-	-	(10,000,000)	-
02/02/2024	31/03/2026	\$0.030	10,000,000	-	-	-	10,000,000
			<u>35,930,000</u>	<u>-</u>	<u>-</u>	<u>(18,750,000)</u>	<u>17,180,000</u>

Unith Ltd
Notes to the financial statements
31 December 2024

Note 10. Share-based payments (continued)

Set out below are summaries of performance rights granted

31 Dec 2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
20/09/2021	20/09/2024	\$0.000	1,500,000	-	(1,500,000)	-	-
18/10/2022	30/06/2024	\$0.000	1,875,000	-	(1,800,000)	(75,000)	-
18/10/2022	30/06/2025	\$0.000	3,125,000	-	-	(1,375,000)	1,750,000
19/07/2023	30/06/2024	\$0.000	1,580,000	-	(1,030,000)	(550,000)	-
19/07/2023	30/08/2025	\$0.000	2,280,000	-	-	(825,000)	1,455,000
19/07/2023	30/06/2026	\$0.000	3,740,000	-	-	(1,375,000)	2,365,000
26/06/2024	30/06/2025	\$0.000	3,150,000	-	-	-	3,150,000
26/06/2024	30/06/2026	\$0.000	5,250,000	-	-	-	5,250,000
			<u>22,500,000</u>	<u>-</u>	<u>(4,330,000)</u>	<u>(4,200,000)</u>	<u>13,970,000</u>

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
19/07/2023	30/06/2026	\$0.028	\$0.000	-	-	-	\$0.028
24/06/2024	30/06/2025	\$0.012		-	-	-	\$0.012
24/06/2024	30/06/2026	\$0.012		-	-	-	\$0.012

The total valuation for the performance rights is \$309,000. The expense for the half-year was \$178,823

Note 11. Events after the reporting period

On 6 January 2025, the Company received \$398,969 from the sale of a portion of Audiostack shares. The sale price was equal to the fair value as at 31 December 2024.

On 4 February 2025, the Company announced the resignation of Mr Gary Cox and the appointment of Mr Anthony Eaton as a director.

No other matters or circumstances has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

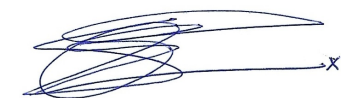
Unith Ltd
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

28 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Unith Ltd

Conclusion

We have reviewed the accompanying half-year financial report of Unith Ltd ('the Company') and its controlled entities (together 'the Group') which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half-year then ended, notes comprising a summary of material accounting policy information and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that during the half-year ended 31 December 2024 the Group recorded a loss of \$3,547,127, and had net cash outflows from operating activities amounting to \$1,565,775. As stated in Note 2, these events and conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 28 February 2025
Melbourne, Victoria