

1. Company details

Name of entity:	Crowd Media Holdings Limited
ABN:	13 083 160 909
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated.

			\$
Revenues from ordinary activities	down	31.3% to	16,503,010
Loss from ordinary activities after tax attributable to the owners of Crowd Media Holdings Limited	down	60.1% to	(1,914,560)
Loss for the year attributable to the owners of Crowd Media Holdings Limited	down	60.1% to	(1,914,560)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$1,914,560 (30 June 2019: \$4,795,984).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.47</u>	<u>0.14</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Annual Report of Crowd Media Holdings Limited for the year ended 30 June 2020 is attached.

12. Signed



Signed _____

Date: 28 August 2020

Steven Schapera
Chairman
Melbourne



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

Annual Report '20



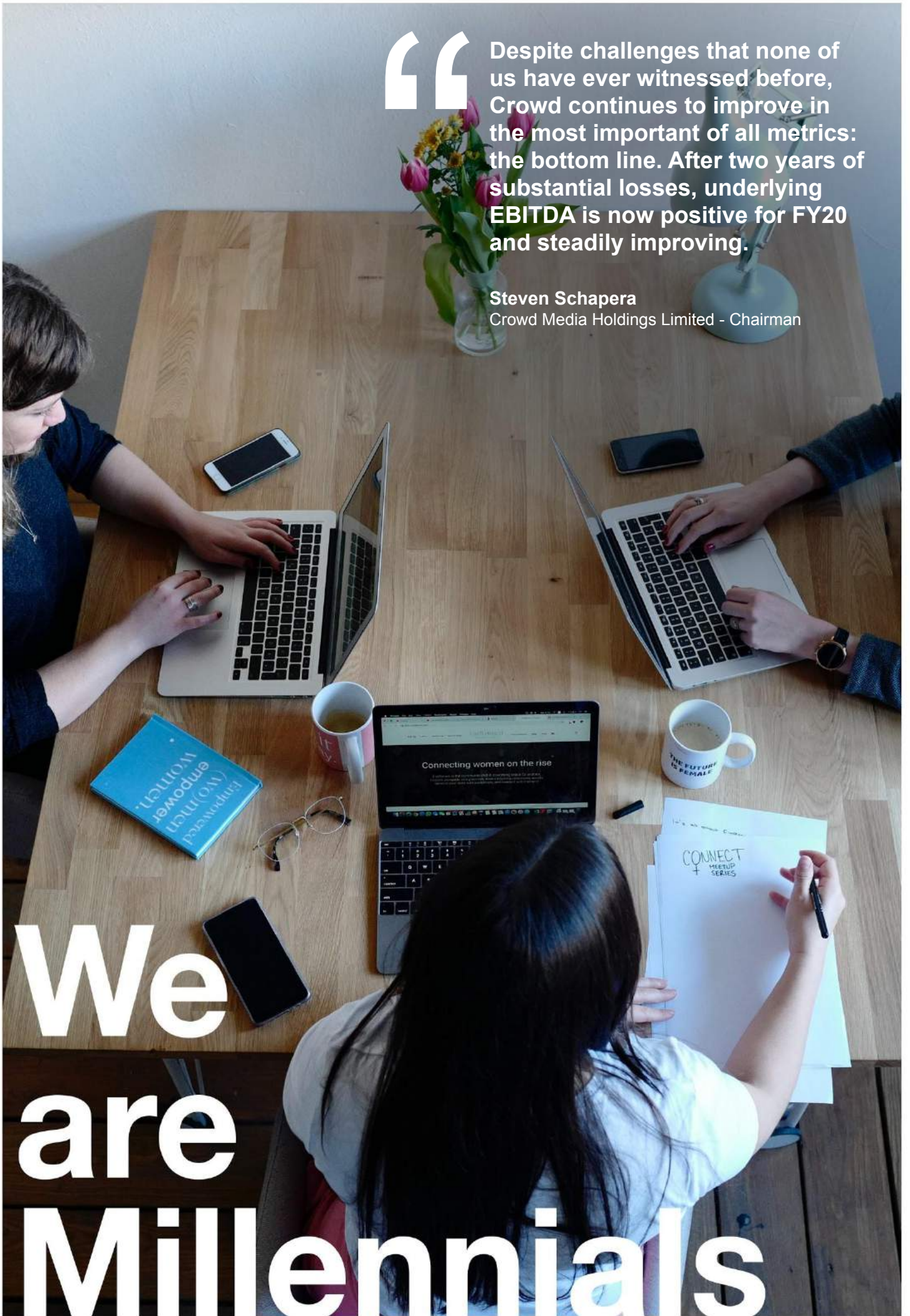
For year ended 30 June 2020

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Despite challenges that none of us have ever witnessed before, Crowd continues to improve in the most important of all metrics: the bottom line. After two years of substantial losses, underlying EBITDA is now positive for FY20 and steadily improving.

Steven Schapera
Crowd Media Holdings Limited - Chairman

We
are
Millennials



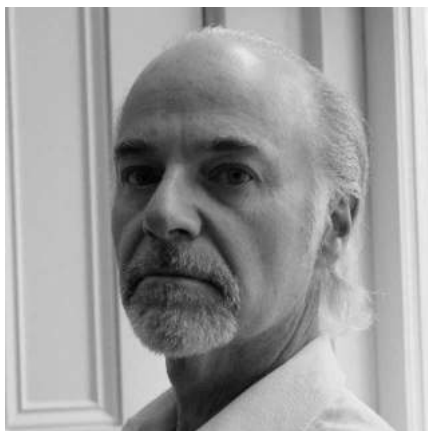
Corporate directory	2
Chairman's letter	3
Chief Executive Officer's report	5
Directors' report	8
Auditor's independence declaration	26
Statement of profit or loss and other comprehensive income	27
Statement of financial position	28
Statement of changes in equity	29
Statement of cash flows	30
Notes to the financial statements	31
Directors' declaration	74
Independent auditor's report to the members of Crowd Media Holdings Limited	75
Shareholder information	79



I am pleased with the financial turnaround of the business, albeit we still have much work ahead of us. The new Crowd Direct division is slowly gaining some traction while we continue to work on our stated goal of changing the way products and services are sold via digital influencers. We believe *conversational commerce* is the future of ecommerce.

Domenic Carosa
Chief Executive Officer

Directors	Steven Schapera - Chairman Domenic Carosa Robert Quandt John Palermo
Company Secretary	Laura Newell
Registered Office	Australia: Level 4 44 Gwynne Street Cremorne VIC 3121 Europe (Netherlands): 95B Piet Heinkade 1019 GM Amsterdam
Share Registry	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2000 Tel: 1300 737 760 (within Australia) +61 (0) 3 9290 9600 (outside Australia) Fax: +61 (2) 9279 0664
Auditor	RSM Australia Partners Level 21 55 Collins Street Melbourne VIC 3000
Stock exchange listing	Crowd Media Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: CM8) Crowd Media Holdings Limited shares are also dual listed on the Frankfurt Stock Exchange (FWB code: CM3)
Website	www.crowdmedia.com



“We have streamlined every single aspect of the business during FY20 and evolved into a lithe, lean, and nimble business run by entrepreneurs, not corporate managers. We have identified and flushed out opportunities, defined measurable objectives that are coupled to timelines, developed the strategies and strategic alliances to meet these objectives, and executed with speed and professionalism.”

Dear Shareholders,

I am pleased to present Crowd Media's 2020 Annual Report. Despite challenges that none of us have ever witnessed before, Crowd continues to improve in the most important of all metrics: the bottom line. After two years of substantial losses, underlying EBITDA is now positive for FY20 and steadily improving.

Crowd's financial and strategic turnaround began in September 2019, following a sizeable investment by a consortium led by me and my co-director Robert Quandt. First, the new Board developed a very clear 3-year transition vision for the Company: to be a tech-based media company with a focus on conversational commerce; we shared this at the November 2019 AGM, and detailed specific objectives that would be met within specific timelines. Second, working closely with Crowd's CEO, Domenic Carosa and his Management team, Robert Quandt has drawn upon his vast consulting and operational experience to realign the business and drive turnaround profitability. Crowd is now absolutely focussed on meeting its clearly understood objectives and timelines, and operationally is more agile, more capable, more technical, and more efficient despite operating upon a substantially lower cost base.

Financial Summary

For FY 2020, revenue was approximately \$16.5 million, underlying EBITDA was a little over \$0.14 million, and operating cashflow was (\$1.8 million).

Underlying EBITDA Results

Crowd Media reported an underlying EBITDA result of \$0.14 million for FY20, an improvement of \$2.8 million from a loss of (\$2.6 million) for FY19, as follows:

Net Profit / (Loss) after tax (NPAT)	(1,914,560)
Add back: income tax benefit	(654,348)
Add back: finance costs	899,679
Deduct: interest revenue	(327)
Add back: depreciation & amortisation	598,156
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(1,071,400)
Add: allowance for expected credit losses	(3,197)
Add: share-based payments expense	302,488
Add: restructuring and financing costs	605,265
Add: net fair value loss on derivative financial liabilities	303,902
Effects of exchange rate changes	4,315
Underlying EBITDA	141,373

Crowd Direct (Direct-to-Consumer Division)

Immediately following our investment, Crowd ceased to be a fee-earning agency for external brands. In line with the new Board's vision, Crowd shifted focus to selling exemplary products that it is strategically aligned with on a digital platform.

The newly created Crowd Direct division has achieved revenue of \$0.35 million from a standing start during FY20. In the last few months of the financial year, three new brands were tested, namely I Am Kamu, London Labs and KINN Living. All of these brands continue to be piloted; it is an iterative process as we test, tweak, and test again in order to home in on the 'secret sauce' required to sell each category or product. This is an essential phase that determines how to best scale up sales and marketing initiatives. This can take 3-6 months, sometimes longer, especially if the space is hotly contested.

Another six brands are expected to be onboarded in FY21. With the unfortunate arrival of COVID-19, it is now fair to say that home-care, hygiene, and health products have never been more integral to the lives of our customers than they are now. In June 2020, Crowd announced that the Company had entered into an agreement to market and distribute brands from the portfolio of the UK's esteemed Vital Group. Shareholders can expect to see Crowd bolster revenues from their products, especially from those in the health/wellness space.

Mobile Division

Q&A: Crowd Mobile has witnessed a decline in the use of SMS as a paid-messaging platform by its target audience. This trend has been accompanied by continued, material, regulatory headwinds, and it comes as no surprise that we have reported softer Mobile revenues in FY20. Whilst we have managed to stabilise this vertical, and even get it to the point where it is generating small monthly profits again, the decline in paid-SMS messaging over time is inevitable. To mitigate this, Crowd's tech team are working on tech that will enable our Q&A messaging to work – AND be monetised - on other platforms such as Whatsapp or Messenger. This tech is the basis of our "conversational commerce" concept that we are so excited about.

Subscription: This division has also faced substantial regulatory headwinds, which we were able to mitigate with the launch of a number of new products and countries. Revenue for FY20 was up 10% on FY19, and we expect this vertical to remain profitable in FY21.

Fiscal Responsibility

The Company improved underlying EBITDA to \$0.14m in FY20 compared to an underlying EBITDA loss of (\$2.6m) in FY19. We expect underlying EBITDA to improve in FY21.

The Company further reduced its securitized BillFront debt facility down to EUR1m (circa \$1.7m). The BillFront debt facility matures in April 2021, and as such this facility is now classified as a current liability on the Company's balance sheet. CEO Dom Carosa and Director Robert Quandt have both had positive discussions with BillFront regarding the facility, and the Board will explore all options available. These may include extending the facility.

The Company also has \$1.9m in outstanding unsecured Convertible Notes (T1 and T2) with the majority held indirectly by entities associated with Chairman Steven Schapera, Director Robert Quandt and CEO Domenic Carosa. These notes mature in April 2021 (T1) and December 2021 (T2) and the expectation is that they will either be converted to equity and/or extended further. Accordingly, 66% of the Convertible Notes (T1) are classified as a current liability on the balance sheet.

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

Board, Governance and Management

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

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

Outlook

We have streamlined every single aspect of the business during FY20 and evolved into a lithe, lean, and nimble business run by entrepreneurs, not corporate managers. We have identified and flushed out opportunities, defined measurable objectives that are coupled to timelines, developed the strategies and strategic alliances to meet these objectives, and executed with speed and professionalism.

The influencer market is a highly competitive and dynamic one. As with almost any market, it favours the incumbent, but we have good reason to believe we can squeeze our way in. We have picked a diverse assortment of products to identify and test the area of opportunity. Our real interest is to be at the table when technology shifts the market tectonically to conversational commerce. Then, *we will be the incumbent*, and hold a truly sustainable competitive advantage.

We continue to drive opportunities that will leverage our Q&A and Subscription technology platforms (and, importantly, the data retained within them). We are also growing the Crowd Direct division with new brands, focusing on quality of revenue, cost efficiency and agility. On the back of this, we move into FY21 with a continued and clear focus on our Horizon 2 and 3 media-tech objectives. We have the vigour and the commitment to execute our well-defined strategy to meet these objectives on time and on budget in 2021 and 2022, respectively.

On behalf of the Board, I thank you, our Shareholders, for your ongoing support and loyalty. To the Company's CEO, Domenic Carosa, and his Team, thank you for your loyalty, integrity, and committed effort during a most challenging period. I also thank my co-directors, Robert Quandt and John Palermo, for the significant value they have added to the Board.

As Chairman, I look forward to leading Crowd Media through another year, as we move forward with our strategic plans and reposition this business for a prosperous future.



Steven Schapera

Crowd Media Holdings Limited - Chairman



“Crowd Media showed significant financial improvements in FY20, generating underlying EBITDA profit of \$0.1 million, an improvement of \$2.8 million over the FY-19 loss of (\$2.6 million)”

Dear Shareholders,

Crowd Media's FY20 year was a transitional one and we have already shown material improvements in our bottom line.

We are extremely excited to have secured the European Investment Consortium (EIC), led by our new Chairman, Steven Schapera, and director Robert Quandt, both in terms of funding and human resource. Steven and Robert are proven performers who have greatly assisted Crowd with both our existing operations and new opportunities. Crowd also welcomed new director John Palermo, who brings his special expertise in corporate transaction execution, strategic business management and business structuring to the Board.

Crowd raised \$2.8 million in FY20 from the EIC, with the issuance of convertible notes across two tranches. These proceeds were used to pay down the convertible notes issued to Obsidian in FY19, to cover redundancy costs resulting from the strategic review performed in late FY19 and to provide additional working capital.

Crowd is now in a position to leverage on its core strengths to capitalize on new growth opportunities and to achieve its three-horizon growth strategy that was developed and communicated at the November 2019 AGM.

Annual review

Crowd Media showed significant financial improvements in FY20, generating underlying EBITDA profit of \$0.1 million, an improvement of \$2.8 million over the FY-19 loss of (\$2.6 million).

Mobile Division

The Q&A division encountered material regulatory headwinds and sector declines as millennials slowed the use of paid-SMS. The steps taken to streamline this business have now stabilised it, evidenced by the fact that it is generating small monthly profits again. The Q&A division generated an underlying EBITDA profit contribution of \$0.2 million in FY20 (improved from a loss of \$0.5 million in FY19). Importantly, in line with the Plan, the Q&A division continues to invest in R&D, testing product pivots to further leverage its proprietary Artificial Intelligence (AI) technology. In fact, we now have AI responsible for answering more than 60% of all questions, helping to improve operating margins. This is the conversational tech platform for the Company's Horizon 3 “talking head” conversational commerce model.

Crowd Media's Subscription business also faced a number of regulatory headwinds, which we were able to mitigate with the launch of a number of new products and new markets. The division was up 10% to \$7m revenue and it generated an underlying EBITDA profit contribution of \$2.1 million in FY20 (up from \$1.0 million in FY19).

Crowd Direct

In line with Crowd's strategic shift in FY20, instead of simply being a fee-earning agency for the big brands, we will earn a larger slice of the retail sale proceeds of brands that the Company is strategically aligned with.

During FY20, Crowd onboarded four new brands: 1) British beauty brand, London Labs; 2) German fashion-house, I Am Kamu; 3) eco-friendly, natural, home cleaning products of KINN Living; and (4) Vital innovations, British brand builder across a number of sectors including healthcare, consumer and water purification. We expect to announce a further 6 new brand deals in FY21.

Three Horizon Growth Strategy

Crowd's growth strategy is laid out across three horizons:

- **Horizon 1 (CY20):** Direct-to-consumer (D2C), thereby capturing a larger slice of the retail spend. Crowd will sell products and/or services that it either owns, or part-owns, or is strategically aligned with;
- **Horizon 2 (CY21):** Sell digital products and/or services via collaborations, partnerships, or strategic alliances. Initially, this will be in the (regulated) travel insurance and fintech space; and
- **Horizon 3 (CY22):** Expanding the way we interact with our favorite influencers – creating authentic and real time “digital head” experiences

Outlook for FY2021

Crowd will be focused on the following areas in FY2021:

- Crowd Direct: Execution of existing and new brands over the coming financial year while continuing our work on driving innovation in the future of influencer marketing.
- Mobile (Q&A & Subscription): Further stabilise this business, optimise them for the future, and grow revenues with the objective of consistently delivering profits monthly.

Looking Forward

I am pleased with the financial turnaround of the business, albeit we still have much work ahead of us. The new Crowd Direct division is slowly gaining some traction while we continue to work on our stated goal of changing the way products and services are sold via digital influencers. We believe *conversational commerce* is the future of ecommerce.

I would like to thank our board for their support and our staff and executive team for their hard work and application in these trying times.

I would also like to formally thank our outgoing Chairman, Theo Hnarakis, for his leadership since listing the Company in January 2015, and outgoing director, Sophie Karzis, for her extensive contribution to the Company.

Finally, I would like to thank all of our shareholders for your continued support and look forward to sharing our developments with you all in FY21 and beyond.



Domenic Carosa
Chief Executive Officer



We are Millennials



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Crowd') consisting of Crowd Media Holdings Limited (referred to hereafter as the 'Company', 'parent entity' or 'Crowd Media') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

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

Steven Schapera - Chairman	Appointed 23 September 2019
Domenic Carosa	
Robert Quandt	Appointed 23 September 2019
John Palermo	Appointed 10 February 2020
Theo Hnarakis – Former Chairman	Retired 23 September 2019
Sophie Karzis	Retired 10 February 2020

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.

Dividends

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

Review of operations

During the 2020 financial year, Crowd Media Holdings Limited was organised into three operating segments: Mobile Content-Q&A (or 'Q&A'), Mobile Content-Subscription (or 'Subscription') and Crowd Direct. Due to the Company's strategy to transition from being an agency to being sellers of brands with whom we have strategic alliance, the Crowd Direct segment was created for the direct-to-consumer business during the financial year and the activities in the prior Agency business are no longer reported as an operating segment.

Crowd Media Group earned revenue for the year ended 30 June 2020 ('FY20') of \$16,480,683 versus \$23,918,776 in the prior period ended 30 June 2019 ('pcp', 'prior year' or 'FY19'). The Company's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of (\$1,071,400) for the year (pcp: loss of (\$5,587,379)) and the net loss after tax for the year was (\$1,914,560) compared with a pcp net loss after tax of (\$4,795,984). The other comprehensive income for the year attributable to the owners of Crowd Media was \$57,764 when accounting for a foreign currency translation gain on foreign operations. Crowd Media's net asset position at 30 June 2020 was \$2,581,775, an increase from the 30 June 2019 balance of \$948,113.

Notably, the Company's EBITDA and net loss includes a non-cash share-based payment charge of \$302,488, restructuring and financing costs of \$605,265 (related to costs associated with the European Investment Consortium convertible notes issued during the year, share issuance costs and restructuring of the Media division), a non-cash net fair value loss on derivative financial liabilities of \$303,902 (related to the valuation of the conversion option on the Obsidian convertible note that was repaid in September 2019) and allowance for expected credit losses of (\$3,197). 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 profit of \$141,373, an improvement of \$2.8 million versus the prior year loss of (\$2,648,609), as follows:

	2020 \$	2019 \$	Increase/ (decrease) \$	Percentage change %
Net profit / (loss) after tax ('NPAT')	(1,914,560)	(4,795,984)	2,881,424	(60%)
Add back: income tax benefit	(654,348)	(1,581,426)	927,078	(59%)
Add back: finance costs	899,679	582,894	316,785	54%
Deduct: interest revenue	(327)	(1,991)	1,664	(84%)
Add back: depreciation and amortisation	598,156	209,128	389,028	186%
EBITDA	(1,071,400)	(5,587,379)	4,515,979	(81%)
Add back: allowance for expected credit losses	(3,197)	1,158,485	(1,161,682)	(100%)
Add back: share-based payments expense	302,488	24,750	277,738	1122%
Add back: restructuring and financing costs	605,265	1,590,620	(985,355)	(62%)
Add back: net fair value loss on derivative financial liabilities	303,902	-	303,902	-
Effects of exchange rate changes	4,315	164,915	(160,600)	(97%)
Underlying EBITDA	141,373	(2,648,609)	2,789,982	(105%)
Less: Impact of adoption of AASB 16	(418,346)	-	(418,346)	-
Underlying EBITDA excluding AASB 16 impact	<u>(276,973)</u>	<u>(2,648,609)</u>	<u>2,371,636</u>	(90%)

Comparison of years ended 30 June 2020 to 30 June 2019

	2020 \$	2019 \$	Increase/ (decrease) \$	Percentage change %
Revenue	16,480,683	23,918,776	(7,438,093)	(31%)
Other income	22,000	-	22,000	-
Cost of sales	(4,642,716)	(7,167,258)	2,524,542	(35%)
Selling, general and administration expenses	(12,934,564)	(21,180,412)	8,245,848	(39%)
Impairment expense	3,197	(1,158,485)	1,161,682	(100%)
EBITDA Profit / (Loss)	(1,071,400)	(5,587,379)	4,515,979	(81%)
Less: Impact of adoption of AASB 16	(418,346)	-	(418,346)	-
EBITDA excluding AASB 16 impact	<u>(1,489,746)</u>	<u>(5,587,379)</u>	<u>4,097,633</u>	(73%)
EBITDA Profit / (Loss)	(1,071,400)	(5,587,379)	4,515,979	(81%)
Interest income	327	1,991	(1,664)	(84%)
Depreciation and amortisation	(598,156)	(209,128)	(389,028)	186%
Finance costs	(899,679)	(582,894)	(316,785)	54%
Income tax benefit	654,348	1,581,426	(927,078)	(59%)
NPAT	<u>(1,914,560)</u>	<u>(4,795,984)</u>	<u>2,881,424</u>	(60%)

Revenue

	2020 \$	2019 \$	Increase/ (decrease) \$	Percentage change %
Revenue	<u>16,480,683</u>	<u>23,918,776</u>	<u>(7,438,093)</u>	(31%)

For the year, revenue from Crowd Media's main operating units was represented by Q&A of \$8,860,666 (pcp: \$15,923,286), Subscription of \$7,032,328, (pcp: \$6,361,291) and Crowd Direct of \$347,923 (pcp: not applicable, division commenced in FY20).

The Q&A business encountered significant headwinds and produced softer than expected revenues. The Company continues to optimize its cost base given the softer revenues in its legacy mobile businesses. Billed message volumes decreased from 12.5 million to 6.3 million year on year. The average revenue per paid message for the current year was \$1.38 compared to \$1.29 for the prior period.

Subscription contributed revenue of \$7,032,328 and the business continues to be profitable. Management will continue to expand the product offering in FY21, adding new and better-quality third-party content and diversifying revenue in order to lift revenue and profitability.

Expenses

(i) Cost of sales

For the year, the Group's cost of sales was \$4,642,716, or 28% of revenue (pcp: \$7,167,258 at 30%). This included Q&A at \$2,620,694 (pcp: \$4,327,093), Subscription at \$1,484,849 (pcp: \$1,796,815) and Crowd Direct at \$182,301.

(ii) Selling, general and administration expense

Crowd Media's selling, general and administration expenses (including Marketing) of \$12,934,564 for the year decreased by 39% compared to the prior period. The decrease is mainly due to a decrease in marketing expenses and cost savings initiatives. The larger movements in expenses for FY20 versus FY19, were as follows:

	2020 \$	2019 \$	Increase/ (decrease) \$	Percentage change %
Marketing	4,375,121	6,993,715	(2,618,594)	(37%)
Employee benefits expense	5,176,636	8,663,575	(3,486,939)	(40%)
Restructuring and financing costs	605,265	1,590,620	(985,355)	(62%)
Share-based payment	302,488	24,750	277,738	1122%
Impairment expense	(3,197)	1,158,485	(1,161,682)	(100%)

- **Marketing:** The consolidated marketing expense of \$4,375,121, at 27% of revenue, was down by \$2,618,594, or 37%, versus the prior period of \$6,993,715 (28% of revenue). Q&A marketing expense of \$2,489,746 for the year (pcp: \$5,250,706) as a percentage of revenue declined to 29% from 33% in prior year. As a percentage of revenue, the FY20 Subscription expense of \$1,755,498 declined slightly from the FY19 expense of \$1,587,156, at 26% and 27% of revenue, respectively. Marketing costs for Crowd Direct were \$129,877, at 37% of revenue.
- **Employee benefits expense:** The consolidated expense decreased by \$3,486,939, or 40%, for the year, due to a decrease in headcount as the result of the restructurings that occurred in FY19 and further reductions in FY20. Q&A for the period was \$2,747,805, a decrease of 56% versus the previous corresponding period of \$6,296,010. The Subscription expense was \$1,386,955 for the period, an increase of 14% versus the prior period expense of \$1,220,657. The Crowd Direct expense was \$158,322 for the period.
- **Restructuring and financing costs:** In the current year, these included costs associated with the European Investment Consortium convertible notes issued during the year, share issuance costs and transitioning of the Media division. The consolidated expense of \$605,265 decreased by 62% compared to the prior period.
- **Share-based payment:** The consolidated expense of \$302,488 for the year (attributed to the Q&A CGU) relates to a Directors' and staff incentive expense, as well as expenses recorded for options granted for consulting and investor relations services provided to the Company.
- **Allowance for expected credit losses:** The consolidated gain was (\$3,197) for the year, compared to a loss of \$1,158,485 in the prior period.

(iii) Depreciation and amortisation

	2020 \$	2019 \$	Increase/ (decrease) \$	Percentage change %
Depreciation	551,555	192,988	358,567	186%
Amortisation	46,601	16,140	30,461	189%
	<u>598,156</u>	<u>209,128</u>	<u>389,028</u>	186%

The consolidated depreciation and amortisation expense for the year of \$598,156 (pcp: \$209,128) is mainly comprised of Q&A at \$177,896 (pcp: \$71,176) and Subscription at \$417,310 (pcp: \$129,612). The increase from prior period is mainly due to a depreciation charge for the Company's right-of-use assets upon adoption of AASB 16 by the Group from 1 July 2019.

(iv) Finance costs

The consolidated finance costs for the year of \$899,679 increased by \$316,785, or 54%, from the prior year. The current period includes an interest charge for the Company's lease liabilities upon adoption of AASB 16 by the Group from 1 July 2019.

(v) Income tax expense/(benefit)

The consolidated tax benefit for FY20 of \$654,348 is mainly represented by a Q&A benefit of \$360,242 (pcp: \$813,042) and a Subscription benefit of \$199,720 (pcp: \$420,346).

Cash flow

The Company's net cash used in operating activities for the year was (\$1,797,144), an improvement of 26% compared to the prior period cash used of (\$2,443,352). Operating cash flows are expected to improve in FY21 due to realising benefits from the ongoing initiatives to improve business performance and optimize costs. Net trading receipts (excluding interest and tax cash flows) for the year was (\$829,429), which is a 68% increase over the prior year of (\$2,632,124).

The net cash flow from investing activities for the period was (\$267,131), versus \$120,536 in the prior year, mainly reflecting additional payments for intangibles. The net cash flow from financing activities for the period was \$2,992,654 versus \$133,264 in the prior period. This consists of proceeds from issue of shares and convertible notes, which are partially offset by repayment of borrowings and lease liabilities.

Liquidity and Financial Position

At Crowd Media's 30 June 2020 reporting date:

- Cash and cash equivalents ('cash') were \$1,913,953 (30 June 2019: \$839,462).
- Working capital (defined as current assets less current liabilities) was (\$300,448) (30 June 2019: \$1,545,624). The 30 June 2020 net current liabilities position is due to the BillFront loan payable and European Investment Consortium convertible notes payable (Tranche 1), totalling \$2,905,275, transferring to current liabilities as they each mature in April 2021.
- Reporting date total current and non-current borrowings ('debt') were \$3,554,598 (30 June 2019: \$2,991,849).
- Net debt (debt less cash), at 30 June 2020 was \$1,640,645, a decrease of \$511,742 from \$2,152,387 at 30 June 2019.
- Net assets at 30 June 2020 were \$2,581,775, an increase of \$1,633,662 from \$948,113 at 30 June 2019.

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

Significant changes in the state of affairs

On 31 July 2019, the Company cancelled the Performance Rights ('PRs') issued on 25 July 2018. The three year PRs were based on share price and earnings per share targets and the maximum number of shares that could be issued on conversion was 6,000,000.

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

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

On 29 August 2019, the Company executed a binding Heads of Agreement ('HOA') with an alliance of strategic investors, collectively the European Investment Consortium ('EIC'), to fund existing Company requirements, as well as develop new business synergies and joint ventures between Crowd Media and businesses that the EIC can introduce and facilitate. These would leverage Crowd Media's well-established technology and digital marketing platforms. Under the agreement, Crowd Media will issue EIC (and/or their nominees) with convertible notes with a face value of up to \$3,700,000 on the following key terms:

- Tranche 1: \$1,741,000 was raised with a fixed conversion price of 1.8 cents and maturing on 29 April 2021; and
- Tranche 2: \$1,080,000 was raised with a fixed conversion price of 2.0 cents and maturing on 18 December 2021.

Board of Directors changes

On 23 September 2019, the Company announced changes to its Board of Directors with the appointment of Mr. Steven Schapera as the Company's new Chairman and non-executive director, replacing Mr. Theo Hnarakis, who retired from the Board to pursue other opportunities. Mr. Robert Quandt also joined the Board as a new non-executive director. Furthermore, on 10 February 2020, the Company announced that Mr. John Palermo joined the Board as a new non-executive director, replacing outgoing Director Ms. Sophie Karzis, who retired for personal reasons.

Letter of intent with Forever Holdings Ltd

On 8 January 2020, the Company announced that it has executed a letter of intent ('LOI') with London-based technology company Forever Holdings Ltd ('FHL'). FHL is a voice-and-visual interactive digital media company. Its technology can enable one-to-one digital encounters between an influencer and anyone who wishes to converse with them.

The LOI is structured for the parties to enter into exclusive negotiations with respect to forming a commercial partnership between FHL and Crowd Media Holdings Limited regarding the launch of a 'voice-and-visual' interactive digital media product for a range of sectors including influencer marketing, customer service, healthcare and education.

Further details can be found in the announcement lodged on the ASX on 8 January 2020 and 4 May 2020.

Repayment of loan payable to NTH Mobile Limited

On 21 February 2020, the Company announced that it has received monies from Sata Bank of circa EUR 262,000 approximately 15 months after the bank's license was suspended by the Malta Financial Services Authority. These funds were due to Crowd for revenue generated in 2018 and were used to repay the loan payable to NTH Mobile Limited (refer to note 23 for further information) in full on 21 February 2020. Further details can be found in the announcement lodged on the ASX on 21 February 2020.

Capital raising and partial repayment of loan payable to BillFront

On 23 June 2020, the Company announced that it raised \$1.5 million through a placement of 62,210,000 ordinary shares at \$ 0.025 per share and 31,105,000 options with an exercise price of \$0.04 and 2-year expiry from issue. These options are subject to Shareholder approval. The placement proceeds were utilised by the Company to reduce the BillFront loan payable by EUR 0.3m (circa \$0.5m), as well as to strengthen the balance sheet, accelerate scale up and bolster sales.

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

Novel Coronavirus (COVID-19)

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

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

Results of the Extraordinary General Meeting held on 25 August 2020

At the 25 August 2020 EGM, Shareholders approved the following:

- Issue of 576,889 shares and 576,889 options on 6 December 2019 in consideration for corporate advisory and consulting services provided by Peak Asset Management;
- Prior issue of 4,752,000 shares and 4,752,000 options on 30 January 2020 in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd;
- Prior issue of 5,000,000 shares on 17 June 2020 to VITAL Innovations;
- Prior issue of 61,210,000 shares on 26 June 2020 to professional and sophisticated investors; and
- Issue of 31,105,000 options to shareholders who participated in the placement on 26 June 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Directors and management of the Group will focus on targeting growth in the combined business operations, whilst paying down debt in cash, wherever possible.

Environmental regulation

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

Information on directors

Name: Steven Schapera
Title: Non-Executive Chairman (appointed 23 September 2019)
Qualifications: Mechanical Engineering, Winemaking
Experience and expertise: Steven has more than 30 years' experience founding and building businesses across agricultural, wine, and cosmetics industries. He co-founded BECCA Cosmetics in 2001 and exited to Estee Lauder in 2016 for more than AUD \$300m. He continues to serve as Chairman of BECCA Holdings, the original investment entity. He was an early investor into Berlin-based Invincible Brands GmbH, and has served on the board as an NED since January 2018. Having studied both mechanical engineering and winemaking, Steven possesses a rare mix of technical and bio-technical skills. These are combined with an excellent understanding of supply chain, branding and positioning, as evidenced by his significant success selling branded products in more than 40 countries across Europe, North America, Australia, Asia, and Africa in the beauty, health, and wellness industries.

Other current directorships: CEO Lab Brands Ltd (UK); Chairman BECCA Holdings Pty Ltd; Non-Executive Director (NED) Invincible Brands GmbH (Germany); NED at ASX-listed OBJ Ltd; NED Wild Nutrition Ltd (UK)

Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: 9,100,000 options over ordinary shares (held indirectly by Namaqua Holdings Ltd; Mr. Schapera has a relevant interest in Namaqua Holdings Ltd and accordingly has a relevant interest in the securities held by the entity)

Interests in rights: None
Contractual rights to shares: 500 Tranche 1 and 500 Tranche 2 convertible notes (held indirectly)

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

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 58,888 ordinary shares (held directly) and 25,684,080 ordinary shares (held indirectly)
Interests in options: 5,200,000 options over ordinary shares (held indirectly)
Interests in rights: None
Contractual rights to shares: 100 Tranche 2 convertible notes (held indirectly)

Name: Robert Quandt
Title: Non-Executive Director (appointed 23 September 2019)
Qualifications: Master of Industrial Engineering from Technical University of Berlin
Experience and expertise: Robert Quandt is a consultant by training and has spend 10 years in Management Consulting at Booz & Company. He also served 2 years as strategy lead for the €5bn Americas Business of Linde AG a German industrial gases supplier. He later joined Invincible Brands, a digital native brand builder with HelloBody, Natural Mojo, lamKamu, Mermaid + Me and Banana Beauty as COO and CFO and helped to scale the business from 7m to 100m in just 3 years. Robert has broad expertise in operations from supply chain to fulfilment and deep expertise in Finance. He also lead the sale of Invincible Brands to the London based Private Equity Capital D.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: 9,100,000 options over ordinary shares (held indirectly)
Interests in rights: None
Contractual rights to shares: 185 Tranche 1 convertible notes (held indirectly)

Name: John Palermo
Title: Non-Executive Director (appointed 10 February 2020)
Qualifications: Fellow Chartered Accountant
Experience and expertise: John has 20 years' experience in public practice, with expertise in corporate transaction execution, strategic business management and business structuring.

Other current directorships: Alterra Limited (ASX: 1AG)
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: Theo Hnarakis
Title: Former Chairman (retired 23 September 2019)
Experience and expertise: Theo Hnarakis brought a wealth of experience working in the media industry and scaling Australian ASX listed technology businesses. He graduated from The University of South Australia with a Bachelor of Accounting and has held senior roles with News Corporation, Boral Group, the PMP Communications Group and was the Managing Director and CEO of Melbourne IT until 2013. He has also held director roles with Neulevel, a JV with US based listed company, Neustar and with Advantate, a JV with Fairfax Media.

Other current directorships: Not applicable as no longer a Director
Former directorships (last 3 years): Not applicable as no longer a Director
Special responsibilities: Not applicable as no longer a Director
Interests in shares: Not applicable as no longer a Director
Interests in options: Not applicable as no longer a Director
Interests in rights: Not applicable as no longer a Director
Contractual rights to shares: Not applicable as no longer a Director

Name:	Sophie Karzis
Title:	Former Non-Executive Director (retired 10 February 2020)
Experience and expertise:	Sophie is a practising lawyer with over 20 years' experience in corporate law. She is company secretary and general counsel to a number of listed and unlisted public companies and private companies and is the principal of Corporate Counsel Pty Ltd, a business which provides corporate and company secretarial services to Australian companies.
Other current directorships:	Not applicable as no longer a Director
Former directorships (last 3 years):	Not applicable as no longer a Director
Special responsibilities:	Not applicable as no longer a Director
Interests in shares:	Not applicable as no longer a Director
Interests in options:	Not applicable as no longer a Director
Interests in rights:	Not applicable as no longer a Director
Contractual rights to shares:	Not applicable as no longer a Director

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

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

Company secretary

Laura Newell of Boardroom Pty Limited has worked in multiple Company Secretary roles and brings a significant degree of experience to Crowd Media Holdings Limited.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	<i>Full Board</i>	
	<i>Attended</i>	<i>Held</i>
Steven Schapera - Chairman	11	11
Domenic Carosa	16	16
Robert Quandt	10	11
John Palermo	5	6
Theo Hnarakis – Former Chairman	5	5
Sophie Karzis	10	10

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

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

Non-executive directors' remuneration

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

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

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

The long-term incentives ('LTI') may include equity based payments in the form of shares, performance rights or options. On 17 December 2014, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees and Directors may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

On 25 July 2019, the Company agreed to issue Performance Rights to employees. The three-year PRs are based on share price and earnings per share targets and the maximum number of shares that can be issued on conversion is 11,000,000.

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

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

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

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

Group performance and link to remuneration

Remuneration for key management personnel is not directly linked to performance of the Group.

Use of remuneration consultants

During the financial year ended 30 June 2020, the Company did not engage remuneration consultants to review its existing remuneration policies or provide recommendations on how to improve incentive programs.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 25 November 2019 AGM, 87.64% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the directors of Crowd Media Holdings Limited and the following persons:

- Melanie Mouldenhauer – Chief Financial Officer;
- Antoaneta Ignatovska - Former Chief Financial Officer (resigned effective 31 July 2019); and
- Michel de Jong - Chief Operating Officer (made redundant, effective 30 September 2019);

Amounts of remuneration

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

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

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

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

2019	Cash salary and fees \$	Short-term benefits			Post- employment benefits	Long-term benefits	Share- based payments	Total \$
		Cash bonus \$	Non- monetary \$	Termination payments \$	Super- annuation \$	Leave benefits \$	Equity- settled \$	
<i>Non-Executive Directors:</i>								
T Hnarakis	144,318	-	-	-	13,710	-	-	158,028
S Karzis	119,449	-	-	-	-	-	-	119,449
<i>Executive Directors:</i>								
D Carosa *	581,232	-	2,587	-	5,700	-	-	589,519
<i>Other Key Management Personnel:</i>								
M Mouldenhauer***	16,269	-	-	-	-	-	-	16,269
A Ignatovska	288,826	-	1,149	-	-	-	-	289,975
M de Jong	339,626	15,787	6,733	-	-	-	-	362,146
G Cooney **	127,671	-	1,432	-	-	-	-	129,103
	<u>1,617,391</u>	<u>15,787</u>	<u>11,901</u>	<u>-</u>	<u>19,410</u>	<u>-</u>	<u>-</u>	<u>1,664,489</u>

- * D Carosa remuneration includes mobility premium for secondment to The Netherlands of \$209,350 (effective date 1 July 2016)
** Remuneration is for the period from 1 July to date of resignation or termination as a director or key management personnel
*** Remuneration is for the period from appointment as a director or key management personnel to 30 June 2019

(a) Cash bonus relates to prior period targets.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
S Schapera	78%	-	-	-	22%	-
R Quandt	75%	-	-	-	25%	-
J Palermo	100%	-	-	-	-	-
T Hnarakis	100%	100%	-	-	-	-
S Karzis	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
D Carosa	94%	100%	-	-	6%	-
<i>Other Key Management Personnel:</i>						
M Mouldenhauer	91%	100%	-	-	9%	-
A Ignatovska	100%	100%	-	-	-	-
M de Jong	100%	96%	-	4%	-	-
G Cooney	-	100%	-	-	-	-

Service agreements

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

Name: Domenic Carosa
Title: Executive Director and Chief Executive Officer
Agreement commenced: 13 January 2015
Term of agreement: Ongoing
Details: Base annual package*, performance based, 'at-risk' STI and discretionary share based LTI remuneration, subject to annual performance review. 6 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 - Netherlands annual package €240,000 per annum plus statutory social security, plus Australian Director Fees of \$60,000 per annum plus statutory superannuation

Name: Melanie Mouldenhauer
Title: Chief Financial Officer
Agreement commenced: 1 June 2019
Term of agreement: Ongoing
Details: Base annual package, performance based, 'at-risk' STI and discretionary share based LTI remuneration, subject to annual performance review. 4 months termination by employer, 2 months by executive. The Company may terminate the agreement with cause in certain circumstances such as gross misconduct.
* Base annual package - €128,000 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 2020.

Options

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

<i>Grant date</i>	<i>Vesting date and exercisable date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Fair value per option at grant date</i>
13 December 2019	13 December 2019	13 December 2022	\$0.03000	\$0.0122
13 December 2019	13 December 2019	13 December 2022	\$0.05000	\$0.0094
13 December 2019	13 December 2019	13 December 2022	\$0.07000	\$0.0077

Options granted carry no dividend or voting rights.

There were no other options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Performance rights

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

<i>Grant date</i>	<i>Vesting date and exercisable date</i>	<i>Expiry date</i>	<i>Fair value per right at grant date</i>
18 December 2019	30 June 2020	30 June 2020	\$0.0230
18 December 2019	30 June 2021	30 June 2021	\$0.0230
18 December 2019	30 June 2022	30 June 2022	\$0.0230

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the Group for the five years to 30 June 2020 are summarised below:

	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Sales revenue	16,480,683	23,918,776	38,552,347	43,887,388	36,994,826
EBITDA*	(1,071,400)	(5,587,379)	(23,175,246)	9,407,765	6,315,439
Total comprehensive income for the year attributable to the owners of Crowd Media Holdings Limited	(1,856,796)	(4,284,757)	(25,640,051)	(251,234)	379,882

* EBITDA excluding the impact of adoption of AASB 16 in 2020 is (\$1,489,746).

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

	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
Share price at financial year end (\$)	0.03	0.01	0.04	0.14	0.16
Basic earnings per share (cents per share)	(0.68)	(2.10)	(11.71)	(0.05)	0.56
Diluted earnings per share (cents per share)	(0.68)	(2.10)	(11.71)	(0.05)	0.47

Additional disclosures relating to key management personnel

Shareholding

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

	<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 Schapera	-	-	-	-	-
D Carosa	24,742,968	-	1,000,000	-	25,742,968
R Quandt	-	-	-	-	-
J Palermo	-	-	-	-	-
T Hnarakis*	4,177,650	-	-	(4,177,650)	-
S Karzis*	504,736	-	-	(504,736)	-
M Mouldenhauer	-	-	-	-	-
A Ignatovska	-	-	-	-	-
M de Jong	-	-	-	-	-
	<u>29,425,354</u>	<u>-</u>	<u>1,000,000</u>	<u>(4,682,386)</u>	<u>25,742,968</u>

* Disposals/other represents no longer a key management personnel, not necessarily a disposal of holding

Option holding

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

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Options over ordinary shares</i>					
S Schapera	-	9,100,000	-	-	9,100,000
D Carosa	-	5,200,000	-	-	5,200,000
R Quandt	-	9,100,000	-	-	9,100,000
J Palermo	-	-	-	-	-
T Hnarakis	-	-	-	-	-
S Karzis*	-	2,600,000	-	(2,600,000)	-
M Mouldenhauer	-	-	-	-	-
A Ignatovska	-	-	-	-	-
M de Jong	-	-	-	-	-
	<u>-</u>	<u>26,000,000</u>	<u>-</u>	<u>(2,600,000)</u>	<u>23,400,000</u>

* Expired/forfeited/other represents options lapsing on retirement from the Board

Performance rights holding

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

	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Vested</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
<i>Performance rights over ordinary shares</i>					
S Schapera	-	-	-	-	-
D Carosa	-	-	-	-	-
R Quandt	-	-	-	-	-
J Palermo	-	-	-	-	-
T Hnarakis	-	-	-	-	-
S Karzis	-	-	-	-	-
M Mouldenhauer	-	1,598,000	-	-	1,598,000
A Ignatovska	-	-	-	-	-
M de Jong	-	-	-	-	-
	-	1,598,000	-	-	1,598,000

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Crowd Media Holdings Limited under option at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Number under option</i>
2 April 2019	2 April 2022	\$0.05000	2,000,000
6 December 2019	6 December 2021	\$0.03000	576,889
6 December 2019	6 December 2021	\$0.03000	8,514,488
6 December 2019	6 December 2021	\$0.05000	5,000,000
6 December 2019	6 December 2021	\$0.10000	5,000,000
13 December 2019	13 December 2022	\$0.03000	11,700,000
13 December 2019	13 December 2022	\$0.05000	5,850,000
13 December 2019	13 December 2022	\$0.07000	5,850,000
19 December 2019	31 December 2021	\$0.03000	12,555,556
30 January 2020	31 December 2021	\$0.03000	277,778
30 January 2020	31 December 2023	\$0.03000	4,752,000
27 March 2020	31 December 2023	\$0.03000	4,750,000
20 April 2020	31 December 2021	\$0.03000	5,555,556
20 April 2020	31 December 2023	\$0.03000	4,250,000
1 May 2020	31 December 2021	\$0.03000	3,611,111
11 June 2020	31 December 2021	\$0.03000	1,111,111
11 June 2020	31 December 2023	\$0.03000	8,000,000
			<u>89,354,489</u>

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

Shares under performance rights

Unissued ordinary shares of Crowd Media Holdings Limited under performance rights at the date of this report are as follows:

<i>Grant date</i>	<i>Expiry date</i>	<i>Number under rights</i>
18 December 2019*	30 June 2020	2,200,000
18 December 2019	30 June 2021	3,300,000
18 December 2019	30 June 2022	<u>5,500,000</u>
		<u><u>11,000,000</u></u>

* Performance rights that vested on 30 June 2020 were issued subsequent to the financial year in August 2020.

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 Crowd Media Holdings Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of Crowd Media Holdings Limited were issued during the year ended 30 June 2020 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>
31 July 2019	1,476,382

* Shares were issued after the reporting date of 30 June 2020

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

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

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

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors



Steven Schapera
Chairman

28 August 2020
Melbourne

RSM Australia Partners

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PO Box 248 Collins Street West VIC 8007

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F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Crowd Media Holdings Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

Crowd Media Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

CROWDMEDIA

	Note	Consolidated 2020 \$	2019 \$
Revenue			
Revenue from continuing operations	5	16,480,683	23,918,776
Cost of sales		<u>(4,642,716)</u>	<u>(7,167,258)</u>
Gross profit		<u>11,837,967</u>	<u>16,751,518</u>
Other income	6	22,000	-
Interest revenue calculated using the effective interest method		327	1,991
Net fair value gain on financial assets		-	106,902
Expenses			
Marketing		(4,375,121)	(6,993,715)
Administration and other expenses		(1,433,995)	(2,774,060)
Consultants		(1,234,066)	(2,280,087)
Depreciation and amortisation expense	7	(598,156)	(209,128)
Employee benefits expense		(5,176,636)	(8,663,575)
Travel and accommodation		(97,305)	(407,662)
Product development		(11,051)	(143,465)
Share-based payment	7	(302,488)	(24,750)
Allowance for expected credit losses		3,197	(1,158,485)
Net fair value loss on financial liabilities		(303,902)	-
Finance costs	7	<u>(899,679)</u>	<u>(582,894)</u>
Loss before income tax benefit		(2,568,908)	(6,377,410)
Income tax benefit	8	<u>654,348</u>	<u>1,581,426</u>
Loss after income tax benefit for the year attributable to the owners of Crowd Media Holdings Limited	28	(1,914,560)	(4,795,984)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>57,764</u>	<u>511,227</u>
Other comprehensive income for the year, net of tax		<u>57,764</u>	<u>511,227</u>
Total comprehensive income for the year attributable to the owners of Crowd Media Holdings Limited		<u>(1,856,796)</u>	<u>(4,284,757)</u>
		Cents	Cents
Basic earnings per share	39	(0.68)	(2.10)
Diluted earnings per share	39	(0.68)	(2.10)

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

Crowd Media Holdings Limited
Statement of financial position
As at 30 June 2020

CROWDMEDIA

	Note	Consolidated 2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	9	1,913,953	839,462
Trade and other receivables	10	2,176,440	2,170,127
Accrued income	11	1,925,793	2,752,300
Inventories	12	118,236	-
Income tax receivable		471,974	334,075
Other	13	262,605	316,424
Total current assets		<u>6,869,001</u>	<u>6,412,388</u>
Non-current assets			
Property, plant and equipment	14	224,470	352,892
Right-of-use assets	15	1,950,985	-
Intangibles	16	825,158	613,994
Deferred tax	17	2,244,437	1,579,919
Total non-current assets		<u>5,245,050</u>	<u>2,546,805</u>
Total assets		<u>12,114,051</u>	<u>8,959,193</u>
Liabilities			
Current liabilities			
Trade and other payables	18	3,727,401	4,093,412
Deferred revenue	19	85,062	176,345
Borrowings	20	2,905,275	-
Lease liabilities	21	285,433	-
Employee benefits	22	13,427	46,098
Provisions		152,851	550,909
Total current liabilities		<u>7,169,449</u>	<u>4,866,764</u>
Non-current liabilities			
Borrowings	23	649,323	2,991,849
Lease liabilities	24	1,713,504	-
Derivative financial instruments	25	-	152,467
Total non-current liabilities		<u>2,362,827</u>	<u>3,144,316</u>
Total liabilities		<u>9,532,276</u>	<u>8,011,080</u>
Net assets		<u>2,581,775</u>	<u>948,113</u>
Equity			
Issued capital	26	31,599,781	28,720,072
Reserves	27	5,731,186	5,062,673
Accumulated losses	28	(34,749,192)	(32,834,632)
Total equity		<u>2,581,775</u>	<u>948,113</u>

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

Crowd Media Holdings Limited
Statement of changes in equity
For the year ended 30 June 2020

CROWDMEDIA

Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	28,167,383	(261,953)	4,788,649	212,851	(28,251,499)	4,655,431
Loss after income tax benefit for the year	-	-	-	-	(4,795,984)	(4,795,984)
Other comprehensive income for the year, net of tax	-	511,227	-	-	-	511,227
Total comprehensive income for the year	-	511,227	-	-	(4,795,984)	(4,284,757)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 26)	552,689	-	-	-	-	552,689
Share-based payments (note 40)	-	-	24,750	-	-	24,750
Transfers	-	-	-	(212,851)	212,851	-
Balance at 30 June 2019	<u>28,720,072</u>	<u>249,274</u>	<u>4,813,399</u>	<u>-</u>	<u>(32,834,632)</u>	<u>948,113</u>

Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,720,072	249,274	4,813,399	-	(32,834,632)	948,113
Loss after income tax benefit for the year	-	-	-	-	(1,914,560)	(1,914,560)
Other comprehensive income for the year, net of tax	-	57,764	-	-	-	57,764
Total comprehensive income for the year	-	57,764	-	-	(1,914,560)	(1,856,796)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 26)	2,879,709	-	-	-	-	2,879,709
Share-based payments (note 40)	-	-	302,488	-	-	302,488
Convertible note option (note 28)	-	-	-	308,261	-	308,261
Balance at 30 June 2020	<u>31,599,781</u>	<u>307,038</u>	<u>5,115,887</u>	<u>308,261</u>	<u>(34,749,192)</u>	<u>2,581,775</u>

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

Crowd Media Holdings Limited
Statement of cash flows
For the year ended 30 June 2020

CROWDMEDIA

	Note	Consolidated 2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,155,085	26,868,408
Payments to suppliers and employees (inclusive of GST)		(17,984,514)	(29,500,532)
Interest received		58,033	20,948
Other revenue		-	106,902
Government grants (COVID-19)		22,000	-
Interest and other finance costs paid		(899,679)	(430,427)
Income taxes refunded		-	491,349
Income taxes paid		(148,069)	-
		<hr/>	<hr/>
Net cash used in operating activities	38	(1,797,144)	(2,443,352)
Cash flows from investing activities			
Payments for property, plant and equipment	14	(15,090)	(14,352)
Payments for intangibles	16	(255,919)	(51,826)
Proceeds from disposal of property, plant and equipment		3,878	6,505
Proceeds from disposal of intangibles		-	137,904
Proceeds from release of security deposits		-	42,305
		<hr/>	<hr/>
Net cash from/(used in) investing activities		(267,131)	120,536
Cash flows from financing activities			
Proceeds from issue of shares	26	1,555,250	428,957
Proceeds from borrowings - NTH Mobile Limited		-	418,397
Proceeds from borrowings - BillFront		-	2,169,032
Proceeds from borrowings - Obsidian		-	404,420
Proceeds from issue of convertible notes - European Investment Consortium		2,821,000	-
Repayment of borrowings - BillFront		(497,198)	-
Repayment of borrowings - JGB		-	(3,287,542)
Repayment of convertible notes - Obsidian		(563,071)	-
Repayment of lease liabilities		(323,327)	-
		<hr/>	<hr/>
Net cash from financing activities		2,992,654	133,264
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		928,379	(2,189,552)
Cash and cash equivalents at the beginning of the financial year		839,462	2,559,776
Effects of exchange rate changes on cash and cash equivalents		146,112	469,238
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	9	<u>1,913,953</u>	<u>839,462</u>

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

Note 1. General information

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

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

Registered office

Level 4
44 Gwynne Street
Cremorne VIC 3121

Principal place of business

Australia:
Level 4
44 Gwynne Street
Cremorne VIC 3121

Europe (Netherlands):
95B Piet Heinkade
1019 GM Amsterdam

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 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 2020-4 Amendment to Australian Accounting Standards - COVID-19-Related Rent Concessions

The Group has early adopted the amendment to AASB 16 from 1 July 2019. The amendment provides a practical expedient for lessees to account for COVID-19-related rent concessions that: result in lease payments that are substantially the same as, or less than, the consideration for the lease immediately prior to the change; where any reduction in the lease payments affects only payments originally due on or before 30 June 2021; and where there is no substantive change to other terms and conditions of the lease. The practical expedient allows an entity not to assess rent concessions meeting the criteria as a lease modification. As a result, to the extent that lease concessions represent a forgiveness or waiver of lease payments, such concessions are treated as variable lease payments recognised in profit or loss with a corresponding adjustment to the lease liability. To the extent that the lease concession in substance represents a delay in lease repayments such that lease consideration is not changed, the lease liability is not extinguished. Interest continues to accrue for that period. The Group has applied the practical expedient to all rent concessions that meet the abovementioned criteria and as the Group received no rent concessions, there was no profit or loss impact from the adoption of this amendment.

Note 2. Significant accounting policies (continued)

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	749,143
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Transition assessment adjustment	2,016,077
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5.5% (AASB 16)	<u>(442,956)</u>
Right-of-use assets (AASB 16)	<u>2,322,264</u>
Lease liabilities - current (AASB 16)	(359,887)
Lease liabilities - non-current (AASB 16)	<u>(1,962,377)</u>
	<u>(2,322,264)</u>
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 July 2019	<u>-</u>

Practical expedients applied

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Going concern

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

As disclosed in the financial statements, for the financial year ended 30 June 2020, the Group incurred a loss of \$1,914,560, had net operating cash outflows of \$1,797,144 and had net current liabilities of \$300,448. Furthermore, at 30 June 2020 the Group has current borrowings of \$2,905,275, comprised of the loan payable to BillFront of \$1,671,834, maturing on 12 April 2021, and convertible notes payable (Tranche 1) of \$1,233,441, maturing on 29 April 2021.

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.

Note 2. Significant accounting policies (continued)

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

- The Group expects to generate positive operating cashflow and utilise growth opportunities in the Crowd Direct division in the next year to improve profitability; and
- The Group's proven record of being able to raise funds to support its business plan, which includes receiving \$2,821,000 of funding through the European Investment Consortium convertible notes (refer to notes 20 and 23) in the first half of the year and receiving a further \$1,555,250 through a placement of 62,210,000 shares at \$0.025 (refer to note 26) in the second half of the year.

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.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 36.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Crowd Media Holdings Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

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

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

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

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

Note 2. Significant accounting policies (continued)

Operating segments

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Crowd Media Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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.

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.

Rendering of services

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

Government grants

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

Inventories

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

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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.

Impairment of financial assets

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

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

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in 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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Note 2. Significant accounting policies (continued)

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.

Leases (to 30 June 2019)

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Right-of-use assets (from 1 July 2019)

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

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

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

Intangible assets

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

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 2. Significant accounting policies (continued)

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Distribution network

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

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 - 6 years.

Databases

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

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

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

Contract liabilities

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

Borrowings

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

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

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

Note 2. Significant accounting policies (continued)

Lease liabilities (from 1 July 2019)

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

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

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

Finance costs

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

Provisions

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

Note 2. Significant accounting policies (continued)

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.

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 that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising 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.

Note 2. Significant accounting policies (continued)

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 Crowd Media Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. 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.

New Conceptual Framework for Financial Reporting

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 40 for details of inputs utilised in calculating the fair value of the equity instrument.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

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

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

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.

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

Due to the Company's transition during the current financial year from being an agency to being sellers of brands through strategic alliances, the Crowd Direct segment was created for the direct-to-consumer business. The activities in the prior Crowd Media unit, which are not material to the group in the current financial year, are no longer a focus of the CODM, but have been included here for comparative purposes.

The Q&A operating segment recognises all corporate costs including public company costs, acquisition costs, share based payments expense and restructure costs.

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

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

Note 4. Operating segments (continued)

Types of products and services

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

Mobile Content - Q & A	Crowd Mobile proprietary Q&A micro job platform technology that facilitates Q&A entertainment products via various Direct Carrier Billing, SMS and App product offerings.
Mobile Content - Subscription	Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via an m-payments network.
Crowd Direct	Crowd Direct (direct-to-consumer) works with brands and digital influencers to sell products and/or services that it owns, or part-owns, or is strategically aligned with.
Crowd Media	Crowd Media operates as an agency, working with brands and digital influencers to provide social media marketing, digital influencer advertising and third party affiliate services. This division is not material in the current year and is no longer a focus of the CODM, but has been reported here for comparative purposes.

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.

Operating segment information

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

* Q&A segment includes Group Corporate costs.

Note 4. Operating segments (continued)

	Q&A*	Subscription	Crowd Media	Total
	\$	\$	\$	\$
Consolidated - 2019				
Revenue				
Sales to external customers	15,923,286	6,361,291	1,634,199	23,918,776
Interest income	1,991	-	-	1,991
Total revenue	<u>15,925,277</u>	<u>6,361,291</u>	<u>1,634,199</u>	<u>23,920,767</u>
EBITDA				
Depreciation and amortisation	(3,299,165)	427,500	(1,664,132)	(4,535,797)
Allowance for expected credit losses	(71,176)	(129,612)	(8,340)	(209,128)
Interest income	(978,258)	(147,338)	(32,889)	(1,158,485)
Finance costs	1,991	-	-	1,991
Other non-cash expenses	1,799,374	(2,376,698)	(5,570)	(582,894)
Loss before income tax benefit	<u>(2,440,331)</u>	<u>(2,226,148)</u>	<u>(1,710,931)</u>	<u>(6,377,410)</u>
Income tax benefit				1,581,426
Loss after income tax benefit				<u>(4,795,984)</u>
Assets				
Segment assets	5,320,341	3,385,513	253,339	8,959,193
Total assets				<u>8,959,193</u>
Liabilities				
Segment liabilities	5,605,533	1,994,227	411,320	8,011,080
Total liabilities				<u>8,011,080</u>

* Q&A segment includes Group Corporate costs.

Geographical information

	Revenue		Geographical non-current assets	
	2020	2019	2020	2019
	\$	\$	\$	\$
Australasia	226,703	776,353	805,537	597,714
Europe	15,047,078	20,692,287	2,195,078	369,173
Latin America	1,014,535	1,773,305	-	-
Other	192,367	676,831	-	-
	<u>16,480,683</u>	<u>23,918,776</u>	<u>3,000,615</u>	<u>966,887</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:

	Q&A \$	Subscription \$	Crowd Direct \$	Crowd Media \$	Total \$
Consolidated - 2020					
<i>Major product lines</i>					
Information	8,860,666	-	-	-	8,860,666
Entertainment and content	-	7,032,328	-	-	7,032,328
Direct-to-consumer	-	-	347,923	-	347,923
Marketing agency	-	-	-	239,766	239,766
	<u>8,860,666</u>	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>16,480,683</u>
<i>Geographical regions</i>					
Australasia	168,222	58,481	-	-	226,703
Europe	8,269,399	6,195,478	347,923	234,278	15,047,078
Latin America	343,713	670,822	-	-	1,014,535
Other	79,332	107,547	-	5,488	192,367
	<u>8,860,666</u>	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>16,480,683</u>
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	8,860,666	7,032,328	347,923	-	16,240,917
Services transferred over time	-	-	-	239,766	239,766
	<u>8,860,666</u>	<u>7,032,328</u>	<u>347,923</u>	<u>239,766</u>	<u>16,480,683</u>
Consolidated - 2019					
<i>Major product lines</i>					
Information	15,923,286	-	-	-	15,923,286
Entertainment and content	-	6,361,291	-	-	6,361,291
Marketing agency	-	-	-	1,634,199	1,634,199
	<u>15,923,286</u>	<u>6,361,291</u>	<u>1,634,199</u>	<u>1,634,199</u>	<u>23,918,776</u>
<i>Geographical regions</i>					
Australasia	534,639	241,714	-	-	776,353
Europe	14,131,857	5,372,447	1,187,983	-	20,692,287
Latin America	1,251,064	522,241	-	-	1,773,305
Other	5,726	224,889	-	446,216	676,831
	<u>15,923,286</u>	<u>6,361,291</u>	<u>1,634,199</u>	<u>1,634,199</u>	<u>23,918,776</u>
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	15,923,286	6,361,291	-	-	22,284,577
Services transferred over time	-	-	-	1,634,199	1,634,199
	<u>15,923,286</u>	<u>6,361,291</u>	<u>1,634,199</u>	<u>1,634,199</u>	<u>23,918,776</u>

Note 6. Other income

	Consolidated	
	2020	2019
	\$	\$
Government grants (COVID-19)	<u>22,000</u>	<u>-</u>

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

During the year the Group received payments from the Australian Government amounting to \$10,000 as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Company will comply with any conditions attached.

Note 7. Expenses

	Consolidated	
	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment (note 14)	141,856	192,988
Right-of-use assets (note 15)	409,699	-
Total depreciation	<u>551,555</u>	<u>192,988</u>
<i>Amortisation</i>		
Intangibles (note 16)	46,601	16,140
Total depreciation and amortisation	<u>598,156</u>	<u>209,128</u>
<i>Impairment</i>		
Allowance for expected credit losses	(3,197)	1,158,485
<i>Finance costs</i>		
Interest and finance charges paid	779,999	582,894
Interest and finance charges paid/payable on lease liabilities	119,680	-
Finance costs expensed	<u>899,679</u>	<u>582,894</u>
<i>Leases</i>		
Minimum lease payments	-	407,815
<i>Superannuation expense</i>		
Defined contribution superannuation expense	34,216	62,263
<i>Share-based payments expense</i>		
Share-based payments expense	<u>302,488</u>	<u>24,750</u>

Note 8. Income tax benefit

	Consolidated	
	2020	2019
	\$	\$
<i>Income tax benefit</i>		
Current tax	10,170	(25,761)
Deferred tax - origination and reversal of temporary differences	<u>(664,518)</u>	<u>(1,555,665)</u>
Aggregate income tax benefit	<u><u>(654,348)</u></u>	<u><u>(1,581,426)</u></u>
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 17)	<u>(664,518)</u>	<u>(1,555,665)</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	<u>(2,568,908)</u>	<u>(6,377,410)</u>
Tax at the statutory tax rate of 27.5% (2019: 30%)	(706,450)	(1,913,223)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	272	3,331
Share-based payments	90,746	7,425
Employee entitlement accruals	2,006	9,258
Interest expense (JGB Optionality)	-	9,824
Other items (net)	<u>12,595</u>	<u>14,621</u>
	(600,831)	(1,868,764)
Differences in overseas tax rates	<u>(53,517)</u>	<u>287,338</u>
Income tax benefit	<u><u>(654,348)</u></u>	<u><u>(1,581,426)</u></u>

	Consolidated	
	2020	2019
	\$	\$
<i>Amounts charged directly to equity</i>		
Deferred tax assets (note 17)	<u>-</u>	<u>455,714</u>

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	<u>1,913,953</u>	<u>839,462</u>

Note 10. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	\$	\$
Trade receivables	2,224,998	3,903,833
Less: Allowance for expected credit losses	<u>(467,048)</u>	<u>(1,792,223)</u>
	<u>1,757,950</u>	<u>2,111,610</u>
Other receivables	418,490	811
Interest receivable	-	<u>57,706</u>
	<u>2,176,440</u>	<u>2,170,127</u>

Allowance for expected credit losses

The Group has recognised a recovery of \$3,197 (30 June 2019: loss of \$1,158,485) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$
Not overdue	13%	5%	1,365,444	1,606,562	176,354	75,578
0 to 3 months overdue	23%	13%	726,877	565,988	170,638	73,578
3 to 6 months overdue	84%	69%	78,670	73,428	66,298	50,665
6 to 9 months overdue	98%	91%	14,522	727,263	14,273	661,810
Over 9 months overdue	100%	100%	<u>39,485</u>	<u>930,592</u>	<u>39,485</u>	<u>930,592</u>
			<u>2,224,998</u>	<u>3,903,833</u>	<u>467,048</u>	<u>1,792,223</u>

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

Note 11. Current assets - accrued income

	Consolidated	
	2020	2019
	\$	\$
Accrued income	<u>1,925,793</u>	<u>2,752,300</u>

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

Note 12. Current assets - inventories

	Consolidated	
	2020	2019
	\$	\$
Finished goods - at cost	<u>118,236</u>	<u>-</u>

Note 13. Current assets - other

	Consolidated	
	2020	2019
	\$	\$
Prepayments	223,953	241,327
Security deposits	8,098	8,098
Other deposits	30,554	66,999
	<u>262,605</u>	<u>316,424</u>

Note 14. Non-current assets - property, plant and equipment

	Consolidated	
	2020	2019
	\$	\$
Plant and equipment - at cost	985,153	983,954
Less: Accumulated depreciation	(760,683)	(631,062)
	<u>224,470</u>	<u>352,892</u>

Reconciliations

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

Consolidated	<i>Plant and equipment</i> \$
Balance at 1 July 2018	498,368
Additions	14,352
Disposals	(6,505)
Exchange differences	39,665
Depreciation expense	<u>(192,988)</u>
Balance at 30 June 2019	352,892
Additions	15,090
Disposals	(3,878)
Exchange differences	2,222
Depreciation expense	<u>(141,856)</u>
Balance at 30 June 2020	<u>224,470</u>

Note 15. Non-current assets - right-of-use assets

	Consolidated	
	2020	2019
	\$	\$
Buildings - right-of-use	2,364,569	-
Less: Accumulated depreciation	(413,584)	-
	<u>1,950,985</u>	<u>-</u>

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

Note 15. Non-current assets - right-of-use assets (continued)

Reconciliations

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

Consolidated	<i>Buildings - right- of-use \$</i>
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Recognised on adoption of AASB 16 (note 2)	2,322,264
Exchange differences	38,420
Depreciation expense	(409,699)
Balance at 30 June 2020	<u>1,950,985</u>

Note 16. Non-current assets - intangibles

	Consolidated	
	2020	2019
	\$	\$
Goodwill after impairment	<u>317,214</u>	<u>317,214</u>
Intellectual property - at cost	2,715,033	2,714,980
Less: Accumulated amortisation	(2,617,309)	(2,616,054)
	<u>97,724</u>	<u>98,926</u>
Distribution network - at cost	13,600,158	13,600,006
Less: Accumulated amortisation	(8,191,961)	(8,191,809)
Less: Impairment	(5,408,197)	(5,408,197)
	<u>-</u>	<u>-</u>
Software - at cost	3,328,241	3,085,181
Less: Accumulated amortisation	(991,771)	(969,293)
Less: Impairment	(2,114,833)	(2,114,833)
	<u>221,637</u>	<u>1,055</u>
Databases - at cost	621,900	621,900
Less: Accumulated amortisation	(456,899)	(456,899)
	<u>165,001</u>	<u>165,001</u>
Website and other intangibles - at cost	33,396	36,892
Less: Accumulated amortisation	(9,814)	(5,094)
	<u>23,582</u>	<u>31,798</u>
	<u>825,158</u>	<u>613,994</u>

Note 16. Non-current assets - 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:

Consolidated	<i>Goodwill</i> \$	<i>Intellectual property</i> \$	<i>Distribution network</i> \$	<i>Software</i> \$	<i>Databases</i> \$	<i>Website and other intangibles</i> \$	<i>Total</i> \$
Balance at 1 July 2018	317,214	100,042	6,289	5,720	165,001	119,622	713,888
Additions	-	-	-	-	-	51,826	51,826
Disposals	-	-	-	-	-	(137,904)	(137,904)
Exchange differences	-	99	154	-	-	2,071	2,324
Amortisation expense	-	(1,215)	(6,443)	(4,665)	-	(3,817)	(16,140)
Balance at 30 June 2019	317,214	98,926	-	1,055	165,001	31,798	613,994
Additions	-	-	-	242,653	-	13,266	255,919
Exchange differences	-	21	-	1,574	-	251	1,846
Amortisation expense	-	(1,223)	-	(23,645)	-	(21,733)	(46,601)
Balance at 30 June 2020	<u>317,214</u>	<u>97,724</u>	<u>-</u>	<u>221,637</u>	<u>165,001</u>	<u>23,582</u>	<u>825,158</u>

Goodwill acquired through business combinations is allocated to cash generating units, as follows:

	Consolidated	
	2020	2019
	\$	\$
Cash generating unit		
Q & A:		
- Bongo IP Ltd	230,774	230,774
- Global AQA IP Pty Ltd	64,393	64,393
- Buddy IP Pty Ltd	22,047	22,047
	<u>317,214</u>	<u>317,214</u>

Note 17. Non-current assets - deferred tax

	Consolidated	
	2020	2019
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	2,426,559	1,326,003
Employee benefits	5,991	8,979
Transaction fees (blackhole expenditure)	242,933	341,521
Provisions	21,558	352,015
Other	3,110	7,115
	<u>2,700,151</u>	<u>2,035,633</u>
Amounts recognised in equity:		
Foreign exchange revaluation	(455,714)	(455,714)
Deferred tax asset	<u>2,244,437</u>	<u>1,579,919</u>
<i>Movements:</i>		
Opening balance	1,579,919	479,968
Credited to profit or loss (note 8)	664,518	1,555,665
Charged to equity (note 8)	-	(455,714)
Closing balance	<u>2,244,437</u>	<u>1,579,919</u>

Note 18. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	1,734,562	1,921,970
Accrued expenses and other payables	1,992,839	2,171,442
	<u>3,727,401</u>	<u>4,093,412</u>

Refer to note 30 for further information on financial instruments.

Note 19. Current liabilities - deferred revenue

	Consolidated	
	2020	2019
	\$	\$
Deferred revenue	<u>85,062</u>	<u>176,345</u>

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

Note 20. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Loans payable - BillFront	1,671,834	-
Convertible notes payable - European Investment Consortium (Tranche 1)	1,233,441	-
	<u>2,905,275</u>	<u>-</u>

Refer to note 23 for further information on assets pledged as security.

Refer to note 30 for further information on financial instruments.

Loans payable - BillFront

The BillFront note balance date debt is EUR€1,039,835. The note is a two-year revolving credit facility with a maximum aggregate outstanding amount of EUR€1,750,000. It is senior secured against all of the Company's assets, including receivables. The effective annual interest rate is 11.3% and the maturity date is 12 April 2021.

Convertible notes payable - European Investment Consortium

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

Tranche 1 was fully executed on 19 December 2019, after shareholder approval was granted at the 2019 Annual General Meeting, pursuant to which the Company raised \$1,741,000 (less associated fees and costs) and issued 1,741 convertible notes with a face value of \$1,000 each. The Tranche 1 notes are convertible into shares at a fixed price of \$0.018 and mature on 29 April 2021. At 30 June 2020, 1,325 Tranche 1 notes were outstanding and 416 notes had been converted into shares. The fair value of the conversion right of the notes is recorded as a reserve within equity.

Tranche 2 is detailed in note 23.

Note 21. Current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$	\$
Lease liability	285,433	-
	<u>285,433</u>	<u>-</u>

Refer to note 30 for further information on financial instruments.

Note 22. Current liabilities - employee benefits

	Consolidated	
	2020	2019
	\$	\$
Employee benefits	13,427	46,098
	<u>13,427</u>	<u>46,098</u>

Note 23. Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$	\$
Loans payable - NTH Mobile Limited	-	418,397
Loans payable - BillFront	-	2,169,032
Convertible notes payable - Obsidian	-	404,420
Convertible notes payable - European Investment Consortium (Tranche 2)	649,323	-
	<u>649,323</u>	<u>-</u>
	<u>649,323</u>	<u>2,991,849</u>

Refer to note 30 for further information on financial instruments.

Loans payable – NTH Mobile Limited

The NTH Mobile Limited prior balance date debt was EUR€261,500. The principal balance and interest, payable at a fixed annual rate of 3.99%, was repaid in full on 21 February 2020.

Loans payable – BillFront

The BillFront note balance date debt is EUR€1,039,835. The note is a two-year revolving credit facility with a maximum aggregate outstanding amount of EUR 1,750,000. It is senior secured against all of the Company's assets, including receivables. The effective annual interest rate is 11.3% and the maturity date is 12 April 2021. The loan is now classified as current (refer note 20).

Convertible notes – Obsidian

The Obsidian convertible note was executed on 12 June 2019, pursuant to which the Company raised AUD\$750,000 (less associated fees and costs) and issued 5,259 convertible notes with a face value of USD\$120 each. Obsidian subsequently converted 2,200 notes to shares. On 3 September 2019, the company paid out the remaining 3,059 convertible notes in cash generated from the issue of the European Investment Consortium (Tranche 1) convertible notes (refer note 20).

Convertible notes - European Investment Consortium

On 29 August 2019, the Company entered into an agreement with a consortium of strategic investors, the European Investment Consortium, under which the members agreed, amongst other things, to subscribe for convertible notes with a face value of up to \$3.7 million via two tranches. Tranche 1 was fully executed on 19 December 2019 (refer note 20).

Under Tranche 2 of the European Investment Consortium convertible notes, \$1,080,000 (less associated fees and costs) was raised, pursuant to which 1,080 convertible notes with a face value of AUD 1,000 each were issued on 30 January 2020. The Tranche 2 notes are convertible into shares at a fixed price of \$0.02 and mature on 18 December 2021. At 30 June 2020, 740 Tranche 2 notes were outstanding and 340 notes had been converted into shares. The fair value of the conversion right of the notes is recorded as a reserve within equity.

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

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2020	2019
	\$	\$
Loans payable - NTH Mobile Limited	-	418,397
Loans payable - BillFront	1,671,834	2,169,032
Convertible notes payable - Obsidian	-	404,420
Convertible notes payable - European Investment Consortium	1,882,764	-
	<u>3,554,598</u>	<u>2,991,849</u>

Note 24. Non-current liabilities - lease liabilities

	Consolidated	
	2020	2019
	\$	\$
Lease liability	<u>1,713,504</u>	<u>-</u>

Refer to note 30 for further information on financial instruments.

Note 25. Non-current liabilities - derivative financial instruments

	Consolidated	
	2020	2019
	\$	\$
Convertible note derivative liability - fair value	<u>-</u>	<u>152,467</u>

Refer to note 30 for further information on financial instruments.

Refer to note 31 for further information on fair value measurement.

Note 26. Equity - issued capital

	2020	Consolidated		2019
	Shares	2019	2020	2019
		Shares	\$	\$
Ordinary shares - fully paid	<u>384,016,015</u>	<u>241,265,666</u>	<u>31,599,781</u>	<u>28,720,072</u>

Note 26. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	222,074,251		28,167,383
Issue of shares	12 December 2018	11,288,179	\$0.03800	428,957
Issue of shares in satisfaction of commitment fees for new issue of convertible notes	12 June 2019	1,681,614	\$0.00000	37,500
Issue of shares on conversion of convertible notes	28 June 2019	<u>6,221,622</u>	<u>\$0.01400</u>	<u>86,232</u>
Balance	30 June 2019	241,265,666		28,720,072
Issue of shares on conversion of convertible notes	8 July 2019	7,981,744	\$0.01389	110,858
Issue of shares on conversion of convertible notes	27 August 2019	7,918,582	\$0.01458	115,453
Issue of shares on conversion of convertible notes	2 September 2019	4,246,139	\$0.01682	71,405
Issue of shares as consideration for corporate and other advisory services	15 October 2019	8,514,488	\$0.01800	153,261
Issue of shares as consideration for corporate and other advisory services	6 December 2019	576,889	\$0.01800	10,384
Issue of shares on conversion of convertible notes	13 December 2019	12,555,556	\$0.01800	226,000
Issue of shares in lieu of interest	13 December 2019	241,333	\$0.02540	6,126
Issue of shares as consideration for corporate and other advisory services	30 January 2020	4,752,000	\$0.02000	95,040
Issue of shares on convertible note conversion	30 January 2020	277,778	\$0.01800	5,000
Issue of shares in lieu of interest	30 January 2020	9,002	\$0.02100	189
Issue of shares on convertible note conversion	27 March 2020	4,750,000	\$0.02000	95,000
Issue of shares in lieu of interest	27 March 2020	130,848	\$0.01830	2,395
Issue of shares on convertible note conversion	20 April 2020	5,555,556	\$0.01800	100,000
Issue of shares on convertible note conversion	20 April 2020	4,250,000	\$0.02000	85,000
Issue of shares in lieu of interest	20 April 2020	478,205	\$0.01880	8,990
Issue of shares on convertible note conversion	1 May 2020	3,611,111	\$0.01800	65,000
Issue of shares in lieu of interest	1 May 2020	208,205	\$0.02010	4,185
Issue of shares on convertible note conversion	11 June 2020	1,111,111	\$0.01800	20,000
Issue of shares on convertible note conversion	11 June 2020	8,000,000	\$0.02000	160,000
Issue of shares in lieu of interest	11 June 2020	292,808	\$0.02400	7,027
Issue of shares in lieu of interest	11 June 2020	78,994	\$0.02570	2,030
Issue of shares on capital raising	17 June 2020	5,000,000	\$0.03000	150,000
Issue of shares on capital raising	26 June 2020	62,210,000	\$0.02500	1,555,250
Less: share issue transaction costs		-	\$0.00000	(168,884)
Balance	30 June 2020	<u><u>384,016,015</u></u>		<u><u>31,599,781</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Share buy-back

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

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.

Note 26. Equity - issued capital (continued)

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

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

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

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

The capital risk management policy remains unchanged from the 2019 Annual Report.

Note 27. Equity - reserves

	Consolidated	
	2020	2019
	\$	\$
Foreign currency reserve	307,038	249,274
Share-based payments reserve	5,115,887	4,813,399
Convertible note optionality reserve	308,261	-
	<u>5,731,186</u>	<u>5,062,673</u>

Foreign currency reserve

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

Share-based payments reserve

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

Convertible note optionality reserve

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

Note 28. Equity - accumulated losses

	Consolidated	
	2020	2019
	\$	\$
Accumulated losses at the beginning of the financial year	(32,834,632)	(28,251,499)
Loss after income tax benefit for the year	(1,914,560)	(4,795,984)
Transfer from convertible note optionality reserve	-	212,851
	<u>(34,749,192)</u>	<u>(32,834,632)</u>

Note 29. Equity - dividends

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

Note 30. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

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

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

	Average exchange rates		Reporting date exchange rates	
	2020	2019	2020	2019
Australian dollars				
United Kingdom Sterling	0.5324	0.5525	0.5578	0.5522
European Union Euros	0.6068	0.6268	0.6124	0.6172
United States Dollars	0.6711	0.7151	0.6876	0.7015
Hungarian Forint	204.4948	201.6197	217.5790	199.0528

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

Consolidated	Assets		Liabilities	
	2020 \$	2019 \$	2020 \$	2019 \$
Australian Dollar	1,985,312	928,775	4,368,805	1,367,561
Euros	3,194,095	3,221,842	3,678,075	5,259,549
Pound Sterling	275,829	452,159	76,570	97,501
United States Dollar	141,812	977,641	308,018	353,877
Mexican Peso	20,139	337,803	-	74,984
Turkish Lira	98,841	393,953	21,434	33,010
South African Rand	-	364,892	-	4,777
Hungarian Forint	39,272	96,285	(519)	-
Other	309,443	722,246	1,079,868	563,287
	<u>6,064,743</u>	<u>7,495,596</u>	<u>9,532,251</u>	<u>7,754,546</u>

Note 30. Financial instruments (continued)

Sensitivity analysis

Consolidated - 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
United Kingdom Sterling	5%	55,343	55,343	5%	(55,343)	(55,343)
European Union Euros	5%	74,645	74,645	5%	(74,645)	(74,645)
Other currencies	5%	136,474	136,474	5%	(136,474)	(136,474)
		<u>266,462</u>	<u>266,462</u>		<u>(266,462)</u>	<u>(266,462)</u>

Consolidated - 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
United Kingdom Sterling	5%	114,831	114,831	(5%)	(114,831)	(114,831)
European Union Euros	5%	(62,617)	(62,617)	(5%)	62,617	62,617
Other currencies	5%	221,565	221,565	(5%)	(221,565)	(221,565)
		<u>273,779</u>	<u>273,779</u>		<u>(273,779)</u>	<u>(273,779)</u>

The analysis above has been carried out on the following basis:

- Management's estimate of what is reasonably possible for changes in exchange rates (i.e. 5%) for the financial year.
- Hedged transactions were not taken into consideration. It is reasonable to expect that fluctuations on the value of hedged items are almost fully offset by hedging instruments.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

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

Consolidated	2020		2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Loans payable - BillFront	11.25%	1,671,834	11.25%	2,169,032
Loans payable - NTH	-	-	3.99%	418,397
Convertible notes payable - Obsidian	-	-	-	404,420
Convertible notes payable - European Investment Consortium	10.00%	1,882,764	-	-
Net exposure to cash flow interest rate risk		<u>3,554,598</u>		<u>2,991,849</u>

Note 30. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To date, the significant portion of credit risk relates to the telecommunications aggregator companies from which the Group receives its cash flows after 7 to 180 days post month end. The Group tries to ensure that it transacts with the largest aggregator companies available in the various countries in which it conducts business and makes regular industry reference checks and sets credit limits to mitigate credit risk. If a risk concentration is deemed too great in a particular country then the Group seeks to utilise multiple aggregators.

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

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 2020 or 30 June 2019.

Liquidity risk

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

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

Remaining contractual maturities

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

Consolidated - 2020	<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	-	1,734,562	-	-	-	1,734,562
Accrued expenses and other payables	-	1,992,839	-	-	-	1,992,839
<i>Interest-bearing - variable</i>						
Lease liability	-	285,433	713,964	999,540	-	1,998,937
Loans payable - BillFront	11.25%	1,824,661	-	-	-	1,824,661
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	10.00%	1,417,434	683,991	-	-	2,101,425
Total non-derivatives		7,254,929	1,397,955	999,540	-	9,652,424

Note 30. Financial instruments (continued)

Consolidated - 2019	<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	-	1,921,970	-	-	-	1,921,970
Accrued expenses and other payables	-	2,171,442	-	-	-	2,171,442
<i>Interest-bearing - variable</i>						
Loans payable - BillFront	11.25%	160,780	2,289,617	-	-	2,450,397
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	-	-	404,420	-	-	404,420
Loans payable - NTH Mobile Limited	3.99%	-	443,095	-	-	443,095
Total non-derivatives		<u>4,254,192</u>	<u>3,137,132</u>	<u>-</u>	<u>-</u>	<u>7,391,324</u>
Derivatives						
Convertible note derivative liability	-	-	152,467	-	-	152,467
Total derivatives		<u>-</u>	<u>152,467</u>	<u>-</u>	<u>-</u>	<u>152,467</u>

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

Note 31. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2020	<i>Level 1 \$</i>	<i>Level 2 \$</i>	<i>Level 3 \$</i>	<i>Total \$</i>
<i>Liabilities</i>				
Loans payable	-	-	1,671,827	1,671,827
Convertible notes payable	-	-	1,882,764	1,882,764
Total liabilities	<u>-</u>	<u>-</u>	<u>3,554,591</u>	<u>3,554,591</u>
Consolidated - 2019	<i>Level 1 \$</i>	<i>Level 2 \$</i>	<i>Level 3 \$</i>	<i>Total \$</i>
<i>Liabilities</i>				
Loans payable	-	-	2,587,429	2,587,429
Convertible notes payable	-	-	404,420	404,420
Convertible note derivative liability	-	-	152,467	152,467
Total liabilities	<u>-</u>	<u>-</u>	<u>3,144,316</u>	<u>3,144,316</u>

There were no transfers between levels during the financial year.

Note 31. Fair value measurement (continued)

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

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

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

Unquoted investments have been valued using a discounted cash flow model.

Level 3 assets and liabilities

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

Consolidated	<i>Loans payable - NTH Mobile Limited</i> \$	<i>Loans payable - BillFront</i> \$	<i>Convertible notes - Obsidian</i> \$	<i>Convertible notes - European Investment Consortium</i> \$	<i>Total</i> \$
Balance at 1 July 2018	-	-	-	-	-
Additions	418,397	2,169,032	556,887	-	3,144,316
Balance at 30 June 2019	418,397	2,169,032	556,887	-	3,144,316
Additions	-	-	-	2,523,991	2,523,991
Change in derivative liability fair value	-	-	303,902	-	303,902
Repayments	(418,397)	(492,207)	(563,071)	-	(1,473,675)
Conversions	-	-	(297,718)	(641,227)	(938,945)
Foreign currency translation movement	-	(4,998)	-	-	(4,998)
Balance at 30 June 2020	<u>-</u>	<u>1,671,827</u>	<u>-</u>	<u>1,882,764</u>	<u>3,554,591</u>

Note 32. Key management personnel disclosures

Compensation

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

	Consolidated	Consolidated
	2020	2019
	\$	\$
Short-term employee benefits	1,274,387	1,645,079
Post-employment benefits	9,263	19,410
Termination benefits	60,281	-
Share-based payments	153,227	-
	<u>1,497,158</u>	<u>1,664,489</u>

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

Note 33. Remuneration of auditors

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

	Consolidated	
	2020	2019
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	118,000	149,600
	<u>118,000</u>	<u>149,600</u>

Note 34. Commitments

	Consolidated	
	2020	2019
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	416,977
One to five years	-	332,166
	<u>-</u>	<u>749,143</u>

AASB 16 was adopted using the modified retrospective approach from 1 July 2019. As a result, the category of operating leases no longer exists and current leases are recognised as an asset and liability on the face of the statement of financial position under AASB 16. A maturity analysis of future lease liability payments is presented in note 30. The comparative lease commitments included above are those required under the superseded accounting standard AASB 117.

Note 35. Related party transactions

Parent entity

Crowd Media Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 37.

Key management personnel

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

Note 35. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
Payment for services:		
Boardroom Pty Limited (Former Director S. Karzis is the General Manager of Corporate Counsel Pty Ltd, a subsidiary of Boardroom) provided professional registry and corporate secretarial services to Crowd Media Holdings Ltd. Amounts reported are until resignation as a director by S. Karzis on 10 February 2020.	63,018	115,571
Compensation paid to Sophie Karzis, Former Director and legal counsel, via monies paid to her company, Corporate Counsel Pty Ltd.	32,979	60,949
Wholesale Investor Pty Ltd (Director D. Carosa is a 7.25% shareholder) provided investor promotions services to Crowd Media Holdings Ltd.	6,000	4,750
Mish Guru Limited (Director D. Carosa is a 0.25% shareholder) provided marketing services to Crowd Media Holdings Limited subsidiaries.	5,874	35,335
Other expense/(receipt) transactions:		
Dominet Digital Corporation Pty Ltd (a Carosa vendor) paid Crowd Media Holdings Ltd for office space rented, at cost, which was partially offset by payments made to Dominet for virtual PA services and mobile phone reimbursement, at cost.	(120)	(20,490)
Global Internet Ventures Pty Ltd (Director D. Carosa is a 20% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	(111,010)	(84,721)
Kindy Now Pty Ltd (Director D. Carosa is a 7.74% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	(20,819)	(30,807)
Lab Brands Ltd (Director S. Schapera is a Director and CEO) supplied products and services to Crowd Media Holdings Ltd relating to the selling of London Labs products in the Direct-to-Consumer division.	16,551	-
Invincible Brands Lifestyle Services GmbH (Director S. Schapera is a Non-Executive Director) paid Crowd Media Holdings Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by Crowd.	(224,082)	-

Note 35. Related party transactions (continued)

Receivable from and payable to related parties

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

	Consolidated	
	2020	2019
	\$	\$
Current receivables:		
Global Internet Ventures Pty Ltd (Director D. Carosa is a 18% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	-	24,984
Kindy Now Pty Ltd (Director D. Carosa is a 7.74% shareholder) paid Crowd Media Holdings Ltd for office space rented, at cost.	13,585	4,550
Current payables:		
Payable to Sophie Karzis, Company Secretary and legal counsel, for director fees via her company Corporate Counsel Pty Ltd	-	31,474
Payable to Boardroom Pty Limited for professional registry and corporate secretarial services to Crowd Media Holdings Limited	11,129	19,610
Dominet Digital Corporation Pty Ltd (a Carosa vendor) paid Crowd Media Holdings Ltd for office space rented, at cost, which was partially offset by payments made to Dominet for virtual PA services and mobile phone reimbursement, at cost.	832	1,956
Lab Brands Ltd (Director S. Schapera is a Director and CEO) supplied products and services to Crowd Media Holdings Ltd relating to the selling of London Labs products in the Direct-to-Consumer division	16,551	-
Invincible Brands Lifestyle Services GmbH (Director S. Schapera is a Non-Executive Director) paid Crowd Media Holdings Ltd for marketing and selling of its products, net of the related product and distribution expenses owed by Crowd.	12,646	-
Other liabilities:		
Director S. Schapera held 500 Tranche 1 (refer note 20) and 500 Tranche 2 (refer note 23) convertible notes issued by Crowd Media Holdings Ltd at 30 June 2020.	904,182	-
Director D. Carosa held 100 Tranche 2 (refer note 23) convertible notes issued by Crowd Media Holdings Ltd at 30 June 2020.	87,746	-
Director R. Quandt held 185 Tranche 1 (refer note 20) convertible notes issued by Crowd Media Holdings Ltd at 30 June 2020.	172,216	-

Loans to/from related parties

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

Terms and conditions

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

Note 36. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	2019
	\$	\$
Profit after income tax	180,323	10,066
Total comprehensive income	<u>180,323</u>	<u>10,066</u>

Statement of financial position

	Parent	
	2020	2019
	\$	\$
Total current assets	16,805,657	13,832,362
Total assets	<u>33,846,192</u>	<u>29,814,047</u>
Total current liabilities	<u>23,355,463</u>	<u>21,026,036</u>
Total liabilities	<u>24,113,317</u>	<u>23,751,955</u>
Equity		
Issued capital	90,836,049	87,956,338
Foreign currency reserve	1,063,333	1,063,333
Share-based payments reserve	5,371,616	5,069,128
Convertible note optionality reserve	308,261	-
Accumulated losses	<u>(87,846,384)</u>	<u>(88,026,707)</u>
Total equity	<u><u>9,732,875</u></u>	<u><u>6,062,092</u></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 2020 and 30 June 2019.

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

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

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

Note 37. 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	
		2020 %	2019 %
Bongo Operations Pty Ltd	Australia	100%	100%
Bongo IP Pty Ltd	Australia	100%	100%
Global AQA Pty Ltd *	Australia	100%	100%
Global AQA IP Pty Ltd	Australia	100%	100%
Buddy Operations Pty Ltd	Australia	100%	100%
Buddy IP Pty Ltd	Australia	100%	100%
Crowd Mobile IP Pty Ltd	Australia	100%	100%
Crowd Media Holdings Pty Ltd (formerly Crowd Mobile Australia Pty Ltd)	Australia	100%	100%
Bongo Europe Pty Ltd	Australia	100%	100%
Digital Global Marketing Pty Ltd	Australia	100%	100%
Crowd Mobile EU Kft	Europe	100%	100%
Crowd Media (Global) UK Ltd (formerly Crowd Butler UK Ltd)	United Kingdom	100%	100%
Crowd Mobile Co-Operatif U.A. *	The Netherlands	100%	100%
Crowd Mobile QA Services B.V.	The Netherlands	100%	100%
Track Holdings B.V.	The Netherlands	100%	100%
Track Online B.V.	The Netherlands	100%	100%
Track Concepts B.V.	The Netherlands	100%	100%
Be Tracked Media B.V.	The Netherlands	100%	100%
Vivazz Mobile B.V.	The Netherlands	100%	100%
Track Mobile B.V.	The Netherlands	100%	100%
Immediato B.V.	The Netherlands	100%	100%
Mobilizo B.V.	The Netherlands	100%	100%
Yulara B.V.	The Netherlands	100%	100%
Crowd Mobile QA Operations B.V.	The Netherlands	100%	100%
Crowd Mobile IP B.V.	The Netherlands	100%	100%
Crowd Media B.V.	The Netherlands	100%	100%
Q Share Plan Pty Limited	Australia	100%	100%
Inala QA B.V.	The Netherlands	100%	100%

* Global AQA Pty Ltd owns 1% of Crowd Mobile Co-Operatif U.A.

Note 38. Cash flow information

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

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax benefit for the year	(1,914,560)	(4,795,984)
Adjustments for:		
Depreciation and amortisation	598,156	209,128
Share-based payments	302,488	24,750
Change in derivative liability fair value	303,902	-
Convertible note share issues - non-cash	-	123,732
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(6,313)	222,178
Decrease in accrued income	826,507	2,675,167
Increase in inventories	(118,236)	-
Decrease/(increase) in income tax refund due	(137,899)	9,874
Increase in deferred tax assets	(664,518)	(1,099,951)
Decrease in prepayments	17,374	178,009
Decrease/(increase) in other operating assets	36,445	(41,589)
Decrease in trade and other payables	(366,011)	(686,980)
Increase/(decrease) in deferred revenue	(91,283)	71,244
Increase/(decrease) in derivative liabilities	(152,467)	152,467
Decrease in employee benefits	(32,671)	(36,306)
Increase/(decrease) in other provisions	(398,058)	550,909
Net cash used in operating activities	<u>(1,797,144)</u>	<u>(2,443,352)</u>

Changes in liabilities arising from financing activities

Consolidated	<i>Loans payable - NTH Mobile Limited</i>	<i>Loans payable - BillFront</i>	<i>Convertible notes payable - JGB</i>	<i>Convertible notes payable - Obsidian</i>	<i>Convertible notes payable - European Investment Consortium</i>	<i>Lease liabilities</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	-	-	3,287,542	-	-	-	3,287,542
Net cash from/(used in) financing activities	418,397	2,169,032	(3,287,542)	404,420	-	-	(295,693)
Derivative financial liability	-	-	-	152,467	-	-	152,467
Balance at 30 June 2019	418,397	2,169,032	-	556,887	-	-	3,144,316
Net cash from/(used in) financing activities	(418,397)	(497,198)	-	(563,071)	2,821,000	(323,327)	1,019,007
Leases recognised on adoption of AASB 16 (note 2)	-	-	-	-	-	2,322,264	2,322,264
Conversions	-	-	-	(297,718)	(641,227)	-	(938,945)
Change in derivative liability fair value	-	-	-	303,902	-	-	303,902
Conversion option recorded in equity	-	-	-	-	(297,009)	-	(297,009)
Balance at 30 June 2020	<u>-</u>	<u>1,671,834</u>	<u>-</u>	<u>-</u>	<u>1,882,764</u>	<u>1,998,937</u>	<u>5,553,535</u>

Note 39. Earnings per share

	Consolidated	
	2020	2019
	\$	\$
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	<u>(1,914,560)</u>	<u>(4,795,984)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>280,020,911</u>	<u>228,411,790</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>280,020,911</u>	<u>228,411,790</u>
	Cents	Cents
Basic earnings per share	(0.68)	(2.10)
Diluted earnings per share	(0.68)	(2.10)

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 40. Share-based payments

Options

Debt refinancing plan options

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

Consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 8,514,488 options to Starland Management Pty Ltd, and on 30 January 2020 a further 4,752,000 options were granted, in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd. On 6 December 2019, 576,889 consultant options were granted to Peak Asset Management in consideration for corporate and advisory and consulting services provided by Peak Asset Management.

Investor Relations consultant options

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

Executive Share Options Plan ('ESOP')

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

Note 40. Share-based payments (continued)

Set out below are summaries of options granted:

2020

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
02/04/2019	02/04/2022	\$0.05000	2,000,000	-	-	-	2,000,000
06/12/2019	06/12/2021	\$0.03000	-	576,889	-	-	576,889
06/12/2019	06/12/2021	\$0.03000	-	8,514,488	-	-	8,514,488
06/12/2019	06/12/2021	\$0.05000	-	5,000,000	-	-	5,000,000
06/12/2019	06/12/2021	\$0.10000	-	5,000,000	-	-	5,000,000
13/12/2019	13/12/2022	\$0.03000	-	13,000,000	-	(1,300,000)	11,700,000
13/12/2019	13/12/2022	\$0.05000	-	6,500,000	-	(650,000)	5,850,000
13/12/2019	13/12/2022	\$0.07000	-	6,500,000	-	(650,000)	5,850,000
30/01/2020	31/12/2023	\$0.03000	-	4,752,000	-	-	4,752,000
			2,000,000	49,843,377	-	(2,600,000)	49,243,377

2019

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
02/04/2019	02/04/2022	\$0.05000	-	2,000,000	-	-	2,000,000
			-	2,000,000	-	-	2,000,000

Performance rights

On 17 December 2014, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees and Directors may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

On 31 July 2019, the Company agreed to issue 11,000,000 Performance Rights ('PRs') to employees, excluding the directors and CEO. On 18 December 2019, the Board modified the conditions of the performance rights as follows:

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

Set out below are summaries of performance rights granted:

2020

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

Note 40. Share-based payments (continued)

2019

<i>Grant date</i>	<i>Expiry date</i>	<i>Balance at the start of the year</i>	<i>Granted</i>	<i>Exercised</i>	<i>Expired/ forfeited/ other</i>	<i>Balance at the end of the year</i>
16/01/2015	30/11/2018	2,500,000	-	-	(2,500,000)	-
11/05/2015	30/11/2018	1,500,000	-	-	(1,500,000)	-
10/07/2015	30/11/2018	325,000	-	-	(325,000)	-
24/07/2015	30/11/2018	500,000	-	-	(500,000)	-
02/12/2015	30/11/2018	16,667	-	-	(16,667)	-
13/04/2016	30/11/2018	479,161	-	-	(479,161)	-
05/08/2016	30/11/2018	500,000	-	-	(500,000)	-
15/09/2017	30/11/2018	2,912,844	-	-	(2,912,844)	-
		8,733,672	-	-	(8,733,672)	-

Valuation model inputs

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Exercise price</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
06/12/2019	06/12/2021	\$0.02100	\$0.03000	87.70%	-	1.04%	\$0.0079
06/12/2019	06/12/2021	\$0.02100	\$0.03000	87.70%	-	1.04%	\$0.0790
06/12/2019	06/12/2021	\$0.02100	\$0.05000	87.70%	-	1.04%	\$0.0053
06/12/2019	06/12/2021	\$0.02100	\$0.10000	87.70%	-	1.04%	\$0.0025
13/12/2019	13/12/2022	\$0.02400	\$0.03000	87.70%	-	1.04%	\$0.0122
13/12/2019	13/12/2022	\$0.02400	\$0.05000	87.70%	-	1.04%	\$0.0094
13/12/2019	13/12/2022	\$0.02400	\$0.07000	87.70%	-	1.04%	\$0.0077
30/01/2020	31/12/2023	\$0.02100	\$0.03000	87.70%	-	1.04%	\$0.0101

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

<i>Grant date</i>	<i>Expiry date</i>	<i>Share price at grant date</i>	<i>Expected volatility</i>	<i>Dividend yield</i>	<i>Risk-free interest rate</i>	<i>Fair value at grant date</i>
18/12/2019	30/06/2020	\$0.02300	-	-	-	\$0.0230
18/12/2019	30/06/2021	\$0.02300	-	-	-	\$0.0230
18/12/2019	30/06/2022	\$0.02300	-	-	-	\$0.0230

Note 41. Events after the reporting period

Novel Coronavirus (COVID-19)

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

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

Note 41. Events after the reporting period (continued)

Results of the Extraordinary General Meeting held on 25 August 2020

At the 25 August 2020 EGM, Shareholders approved the following:

- Issue of 576,889 shares and 576,889 options on 6 December 2019 in consideration for corporate advisory and consulting services provided by Peak Asset Management;
- Prior issue of 4,752,000 shares and 4,752,000 options on 30 January 2020 in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd;
- Prior issue of 5,000,000 shares on 17 June 2020 to VITAL Innovations;
- Prior issue of 61,210,000 shares on 26 June 2020 to professional and sophisticated investors; and
- Issue of 31,105,000 options to shareholders who participated in the placement on 26 June 2020.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Steven Schapera
Chairman

28 August 2020
Melbourne

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Crowd Media Holdings Limited

Opinion

We have audited the financial report of Crowd Media Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$1,914,560 and had net operating cash outflows of \$1,797,144 during the year ended 30 June 2020. As at this date, the Group had net current liabilities of \$300,448. As stated in Note 2, these events or 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 opinion is not modified in respect of this matter.

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 Material Uncertainty Related to Going Concern 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>Recognition of Revenue and Accrued Revenue Refer to Note 5 in the financial statements</p>	
<p>The Group's revenue relates to the sale of information and entertainment content services for mobile phones and tablets, and direct to consumer product sales and/or services.</p> <p>Total revenue for the year ended 30 June 2020 was \$16.4m and accrued revenue of \$1.9m, which is material to the financial statements. We have considered the recognition of revenue due to its size and magnitude in the financial statements.</p> <p>The nature and timing of recognition of accrued revenue at year-end involves management judgement and is complex.</p> <p>We have considered the recognition of revenue and the associated accrued revenue as a key audit matter because of the reasons above.</p>	<p>Our key audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Obtaining a detailed understanding of the processes and internal controls associated with the capture and recording of revenue; • Assessing whether the Group's revenue recognition policies were in compliance with <i>AASB 15 Revenue from Contracts with Customers</i>; • On a sample basis, vouching to supporting contracts and third-party report of sales data to revenue recognised; • Comparing accrued revenue to subsequent third-party reports and funds received; and • Checking the accuracy of valuation of foreign currency transactions recorded.
<p>AASB 9 – Expected Credit Loss Refer to Note 10 in the financial statements</p>	
<p>As at 30 June 2020, gross trade receivables amounted to \$2.2m (2019: \$3.9m), and the allowance for impairment of accounts receivables amounted to \$0.5m (2019: \$1.8m).</p> <p>The Group's management has applied a simplified ECL model to determine the allowance for impairment of trade receivables. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's history of a collection of trade receivables.</p> <p>We considered this a key audit matter as the ECL is highly subjective and requires management to make significant judgements, assumptions and estimates involved in the application of the expected credit loss model.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessing the valuation methodology used; • Verifying whether the ECL model developed by management is consistent with the requirements of AASB 9; • Testing the accuracy and completeness of underlying data used in the model and the mathematical accuracy of the computation of ECL; • Testing key assumptions and judgments, such as those used to calculate the likelihood of default and loss on default by comparing to historical data, as well as the appropriateness of forward-looking factors (macroeconomic factors) used to determine ECL's; and • Assessing whether the disclosures in the financial statements are adequate.

Key Audit Matters (Continued)

Convertible Loan Notes	
Refer to Note 20 and 23 in the financial statements	
<p>During the year, the Group issued convertible loan notes for the value of \$2.8m and as at 30 June 2020, \$1.9m was outstanding.</p> <p>We have identified the valuation and accounting treatment of convertible loans as a key audit matter because both are complex areas and require the use of estimates. Further, the separation of the debt element from the equity element of a convertible loan involves a significant degree of judgement.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Review of the convertible loan agreements to evaluate the terms and conditions; • Evaluate the accounting treatment proposed to determine whether in compliance with Australian Accounting Standards; • Verified amounts, interest rates and maturities to the supporting documentation; • Evaluating the reasonableness of key inputs in the valuation model; • Tested and reformed the calculations carried out to split the convertible loans into equity and debt elements; and • Assessing whether the disclosures in the financial statements are adequate.

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 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Crowd Media Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



RSM AUSTRALIA PARTNERS



M PARAMESWARAN

Partner

Dated: 28 August 2020

Melbourne, Victoria

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 10 August 2020 ('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 (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.

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

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

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

The Company's corporate governance policies and charters are all available on Crowd Media Holdings Limited's Website.

Substantial shareholders

	<i>Number held No.</i>	<i>Percentage of total shares on issue %</i>
DOMENIC CAROSA	25,742,968	6.70%
818 CORPORATE PTY LTD (818 A/C)	20,213,228	5.26%

Distribution of equity securities

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

	<i>Number of holders No.</i>
Fully paid ordinary shares	1,604
Options exercisable at \$0.03 each on or before 6 December 2021	2
Options exercisable at \$0.03 each on or before 31 December 2021	14
Options exercisable at \$0.03 each on or before 13 December 2022	3
Options exercisable at \$0.03 each on or before 31 December 2023	12
Options exercisable at \$0.05 each on or before 6 December 2021	1
Options exercisable at \$0.05 each on or before 2 April 2022	3
Options exercisable at \$0.05 each on or before 13 December 2022	3
Options exercisable at \$0.07 each on or before 13 December 2022	3
Options exercisable at \$0.10 each on or before 6 December 2021	1
Convertible notes – Tranche 1 maturing on 29 April 2021	9
Convertible notes – Tranche 2 maturing on 18 December 2021	5
Performance rights vesting on 30 June 2020	16
Performance rights vesting on 30 June 2021	16
Performance rights vesting on 30 June 2022	16

Distribution of ordinary shareholders

	<i> Holders No.</i>	<i> Total units No.</i>	<i> Percentage of total shares %</i>
Holdings ranges:			
1 to 1,000	78	4,983	-
1,001 to 5,000	68	237,069	0.060
5,001 to 10,000	213	1,911,222	0.500
10,001 to 100,000	798	32,949,141	8.580
100,001 and over	447	348,913,600	90.860
	<u>1,604</u>	<u>384,016,015</u>	<u>100.000</u>

Distribution of option holders

	<i> Holders of options No.</i>
Holdings ranges:	
1 to 1,000	-
1,001 to 5,000	-
5,001 to 10,000	-
10,001 to 100,000	-
100,001 and over	42
	<u>42</u>

Distribution of convertible notes

	<i> Holders of convertible notes No.</i>
Holdings ranges:	
1 to 1,000	14
1,001 to 5,000	-
5,001 to 10,000	-
10,001 to 100,000	-
100,001 and over	-
	<u>14</u>

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

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

<i> Total shares No.</i>	<i> UMP shares No.</i>	<i> UMP holders No.</i>	<i> Percentage of issued shares held by UMP holders %</i>
384,016,015	3,370	76	0.09

Quoted securities

Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

	Ordinary shares	
	Number held	% of total shares issued
CAROSA CORPORATION BV	23,846,567	6.210
818 CORPORATE PTY LTD (818 A/C)	20,213,228	5.264
D S A H HOLDINGS PTY LTD	18,484,045	4.813
MR RENE RATH	8,792,570	2.290
MR HENDRIKUS ANTONIUS JOHANNES KUSTERS	8,792,570	2.290
1215 CAPITAL PTY LTD	7,477,142	1.947
MR DIMCE NASTOVSKI (BRANDON NASTOVSKI A/C)	7,445,426	1.939
MR NOEL RUSSELL CAMERON & DR BELINDA CAROLINE GOAD (NOEL CAMERON SUPER FUND A/C)	6,641,176	1.729
MUTUAL TRUST PTY LTD	5,807,598	1.512
STARLAND NOMINEES PTY LTD (THE STARLAND A/C)	5,332,102	1.389
MAESTRO CAPITAL PTY LTD (MAESTRO CAPITAL SUPER A/C)	4,550,000	1.185
MICHAEL MATTHEW FARRELLY	4,200,000	1.094
AUSTRALCO SUPER INVESTMENTS PTY LTD (HNARAKIS FAMILY S/F A/C)	4,177,650	1.088
MS CHUNYAN NIU	4,000,000	1.042
BUMBLETON PTY LTD (WILLIAM COATS S/F A/C)	3,484,185	0.907
MR ANDREW MARK DUNCAN	3,438,009	0.895
MR DIMCE NASTOVSKI (CAITLIN NASTOVSKI A/C)	3,324,574	0.866
CITICORP NOMINEES PTY LIMITED	3,311,863	0.862
ADDINGUP PTY LIMITED (ADDINGUP S/F A/C)	3,000,000	0.781
PERPETUAL CAPITAL INVESTMENTS PTY LTD	2,937,936	0.765
	<u>149,256,641</u>	<u>38.868</u>
Total remaining holders balance	<u>234,759,374</u>	<u>61.132</u>

Unquoted equity securities

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

Class of equity securities	Number of unquoted equity securities	Number of holders
Options exercisable at \$0.03 each on or before 6 December 2021	9,091,377	2
Options exercisable at \$0.03 each on or before 31 December 2021	23,111,112	14
Options exercisable at \$0.03 each on or before 13 December 2022	11,700,000	3
Options exercisable at \$0.03 each on or before 31 December 2023	21,752,000	12
Options exercisable at \$0.05 each on or before 6 December 2021	5,000,000	1
Options exercisable at \$0.05 each on or before 2 April 2022	2,000,000	3
Options exercisable at \$0.05 each on or before 13 December 2022	5,850,000	3
Options exercisable at \$0.07 each on or before 13 December 2022	5,850,000	3
Options exercisable at \$0.10 each on or before 6 December 2021	5,000,000	1
Convertible notes – Tranche 1 maturing on 29 April 2021	1,325	9
Convertible notes – Tranche 2 maturing on 18 December 2021	740	5
Performance rights vesting on 30 June 2020	2,200,000	16
Performance rights vesting on 30 June 2021	2,857,500	16
Performance rights vesting on 30 June 2022	4,762,500	16

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

- Options exercisable at \$0.03 each on or before 6 December 2021: 8,514,488 are held by 818 Corporate Pty Ltd (818 A/C).
- Options exercisable at \$0.03 each on or before 31 December 2021: 5,555,556 are held by Mr Matthew Lucas Cain.
- Options exercisable at \$0.03 each on or before 13 December 2022: 4,550,000 are held by JCL Investments GMBH; 4,550,000 are held by Namaqua Holdings Ltd; 2,600,000 are held by Dominet Digital Investments Pty Ltd (Dominet Digital Inves Fam AC).
- Options exercisable at \$0.03 each on or before 31 December 2023: 9,820,000 are held by 818 Corporate Pty Ltd (818 A/C).
- Options exercisable at \$0.05 each on or before 6 December 2021: 5,000,000 are held by Stefan Muller.
- Options exercisable at \$0.05 each on or before 2 April 2022: 1,136,541 are held by JGB Partners LP; 746,162 are held by JGB Capital Offshore Ltd.
- Options exercisable at \$0.05 each on or before 13 December 2022: 2,275,000 are held by JCL Investments GMBH; 2,275,000 are held by Namaqua Holdings Ltd; 1,300,000 are held by Dominet Digital Investments Pty Ltd (Dominet Digital Inves Fam AC).
- Options exercisable at \$0.07 each on or before 13 December 2022: 2,275,000 are held by JCL Investments GMBH; 2,275,000 are held by Namaqua Holdings Ltd; 1,300,000 are held by Dominet Digital Investments Pty Ltd (Dominet Digital Inves Fam AC).
- Options exercisable at \$0.10 each on or before 6 December 2021: 5,000,000 are held by Stefan Muller.
- Convertible notes – Tranche 1 maturing on 29 April 2021: 500 notes are held by Namaqua Holdings Ltd.
- Convertible notes – Tranche 2 maturing on 18 December 2021: 500 notes are held by Namaqua Holdings Ltd.

Voting rights

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

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

Voluntary escrow

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

Stock Exchange Listings

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

Buybacks

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

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

Item 7 issues of securities

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

Company secretary

The Company's secretary is Laura Newell.

Registered office

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

Level 4
44 Gwynne Street
CREMORNE VIC 3121

Telephone: +61 3 9020 1468

Share registry

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

Street Address:

Level 12

225 George Street

SYDNEY NSW 2000

Telephone: +61 2 9290 9600

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