

ASX Announcement  
17 October 2023

## ÜNITH's Digital Human platform set for self-service soft launch; B2C AI-subscription products deliver 25% revenue growth

### September 2023 Quarter Activities Report

Unith Ltd (ASX: UNT | UNTO | FWB: CM3) (“ÜNITH” or the “Company”) is pleased to provide its quarterly activities report and Appendix 4C for the quarter ended 30 September 2023 (Q1 FY24).

#### Q1 FY24 Highlights:

- Improved the Digital Human generation engine, providing life-like reactions on real-time conversations ahead of the Self-Service Platform soft launch in Q2 FY24.
- Showcased three digital humans on [ÜNITH.ai](https://unith.ai) to demonstrate the technology to potential customers and public.
- Several new contracts and partnerships signed over the quarter:
  - Agreement with e-lottery operator Xite Holdings to customise multi-lingual digital humans for their online global lotteries platform, AZBillions.
  - Won a public tender to deliver an AI solution to the Alliance of Public Health (APH) with eSocial Workers available 24/7 and reducing the workload of social service agencies.
  - Engaged with insurtech company, Ensuring, to develop a digital human insurance agent.
  - Agreement with medtech company Respiri to provide a digital human on their website.
  - Signed a service partnership with Holoconnects, a hologram technology company, to sell ÜNITH’s Digital Human alongside their offering.
- NVISO & BonsAPPs collaboration milestones successfully delivered; €74K grant (approximately AUD\$120K) received from BonsAPPs program to date.
- The pipeline of new business for ÜNITH’s Digital Human Platform continues to build.
- 24.5% increase in revenue (quarter-on-quarter) from B2C AI-subscription products driven by in-house user acquisition activities; 337K new users acquired over the quarter, and 500K milestone achieved on the second week of October 2023.
- B2C Subscription division expanded activities to Kenya, launching AI History with Kenyan telecom Safaricom (NSE: SCOM); now available to users in 18 markets worldwide.
- Operating cash outflow of \$1.2 million included higher user acquisition costs in the current quarter tied to restructuring the B2C Subscription division, with greater margins and revenue to be captured going forward in FY24.
- \$2.7 million cash on hand at 30 September 2023.



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## Commenting on the quarterly performance, UNITH's CEO Idan Schmorak said:

*"UNITH has had a successful start to the new financial year. We have been focused on fine-tuning our technology as we prepare to launch our Digital Human platform for self-service by the end of CY23. This platform will shorten the customer onboarding process and will enable us to significantly scale our commercial activities.*

*We launched showcase digital humans in August and the initial feedback has been overwhelmingly positive, both from the public as well as from prospective clients. We signed new agreements within healthcare, e-lottery and insurance verticals as well as partnerships with kiosk and hologram technology providers to extend our commercial reach.*

*Our B2C Subscription division continues to perform strongly. Bringing the user acquisition activities in-house, together with new AI-based products using our Digital Human technology, is delivering material results. New subscriber numbers are up and retention rates are improving, resulting in revenue growth of 24.5% on the prior quarter. We also continued to expand to new geographies, making the AI products available to more than 35 million Safaricom users in Kenya this quarter."*

## Operational Update

### Digital Human Technology Division

UNITH continued the development of conversational capabilities within the Digital Human platform following the successful integration of GPT technology in March 2023. Further advancing these integrations to address demand for more sales-focused business solutions, UNITH has added guidance capabilities to the platform's AI which enable digital humans to communicate with users in real time towards a specific outcome.

Visual elements of UNITH's digital humans were advanced significantly through the September quarter. Examples can be viewed in the demo digital humans AIKO and LAIA on UNITH's website. Having delivered several enhancements to the Digital Human Platform in line with the 2023 technology roadmap, UNITH is on track to deliver its self-service platform for soft launch in Q2 FY24.

### *Commercialisation accelerates with several contract wins and growing pipeline*

Over the quarter, UNITH signed contracts with several new clients from a broad range of verticals. These agreements demonstrate the spectrum of use cases and the significant global potential of the Digital Human Platform.

UNITH entered the e-lottery vertical, a US\$27 billion e-lottery industry<sup>1</sup>, with a contract with Xite Holdings Limited ("Xite"), the operator of international e-lottery product AZBillions. Over the next 12 months, UNITH will develop AI-powered digital humans who will act as support staff for AZBillions. The digital humans will be tailored to each region's local language and unique characteristics to enable improved user

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<sup>1</sup> <https://www.expertmarketresearch.com/reports/online-lottery-market>



experience. The initial contract is valued at \$44K with the potential to expand the number of licences over time.

In August 2023, UNITH announced that it had won a public tender from the Alliance of Public Health (APH), a leading international foundation, to develop a digital human social worker in 14 countries across Eastern Europe. This initiative will improve access to medically approved health information while reducing the burden on the public healthcare system. The initial 1-year contract, with an option for a 5-year extension, is valued at USD\$111K (approximately AUD\$164K).

UNITH has also been engaged with Ensuring, a start-up insurtech company, to provide a digital human insurance agent to increase productivity and reduce staff costs. The initial one-month contract is valued at USD\$6.5K (approximately AUD\$10K) with the option to upgrade to a commercial software licence at any time.

A licence for the Digital Human platform has also been purchased by medtech company Respiro (ASX: RSH) to deploy a digital human to their investor relations website. Utilising GPT technology and a data bank of ASX announcements and FAQs, the digital human will be deployed as a representative of Respiro capable of answering investor-related questions.

In September 2023, UNITH entered into a service partnership with Holoconnects, a hologram technology developer, to expand the Company's product offering. Holoconnects technology is used across various industries, including healthcare, education and entertainment to provide vivid 3D views and immersive experiences. By integrating UNITH's technology with Holoconnects' offering, the two companies will be able to offer a unique solution to a wide variety of use cases.

Progress has also been achieved through UNITH's partnership with NVISO to deploy digital humans in Japan, programmed with emotional intelligence to enhance their interaction capabilities. Development milestones were met during the quarter as part of the BonsAPPs program with UNITH receiving the €74K grant (approximately AUD\$120K), as announced in January 2023.

In addition, UNITH continues to work closely with its BIG-5 Tech client to deliver further digital humans and expand the engagement to other departments and geographies within the organisation.

## B2C Subscription Division

The B2C Subscription Division has continued to gain momentum following the transition of user acquisition in-house. The AI-subscription B2C products attracted 337,000 new AI App subscribers in Q1 FY24 and grew revenue by 24.5% on the prior quarter. The number of subscribers on AI-subscription B2C products has now surpassed the 500,000 milestone as of 16 October 2023. By implementing the in-house user acquisition activities, the division reduced the average user acquisition cost by nearly 50% quarter on quarter, while maintaining steady subscription retention rates.

The division launched UNITH's conversational AI e-learning product AI History with leading Kenyan telecom Safaricom (NSE: SCOM), increasing the number of markets with AI products available to 18 worldwide.



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Following a successful launch of the AstroVIP product with Kazakhstan telecom KCELL, the division has expanded the activities by launching the same product with telecom Beeline, the largest telecom provider in Kazakhstan. With the addition of nearly 10 million Beeline subscribers, AstroVIP is now available to nearly 18 million users in Kazakhstan.

UNITH secured further agreements to roll out its conversational AI applications with Bangladesh leading telecom Grameenphone, expecting to reach an additional 80 million users starting early in 2024.

As flagged in August 2023, UNITH is deploying a higher marketing spend in H1 FY24 to support the transition of user acquisition activity from third party providers to in-house. In return, UNITH expects continued sustainable revenue growth from the division, as well as improved margins from the second half of FY24.

## Outlook

### Commenting on the outlook, Mr Schmorak said:

*“With the development milestones met in recent weeks, UNITH is on track to launch its self-service platform by the end of CY23. The self-service platform is a critical step forward for UNITH – it will, over time, allow unprecedented access to UNITH digital humans, and will also drive a pipeline of clients that can create more customised AI solutions and potential licence sales. We look forward to making digital humans available to all businesses around the world, capable of working 24/7 and communicating in many languages.”*

### UNITH Investor Webinar on Thursday, 19 October 2023

UNITH’s CEO Idan Schmorak will host an investor webinar and provide an update on the business and its development roadmap on Thursday, 19 October 2023, at 4:30pm (AEDT).

Participants are encouraged to register before the webinar using the following link:

[https://us02web.zoom.us/webinar/register/WN\\_NnoOP9xcREOpE3pRa3RNJw](https://us02web.zoom.us/webinar/register/WN_NnoOP9xcREOpE3pRa3RNJw)

### Q1 FY24 Financial Update

- Cash on hand as at 30 September 2023 of \$2.7 million.
- Net cash used in operating activities (\$1.2 million), reflecting higher spend on marketing as the B2C subscription user acquisition activities are transitioned in-house and continued investment in R&D of the Digital Humans technology.
- Net cash used in investing activities (\$0.3 million), which was mainly used for further investment in intellectual property.
- Net cash used in financing activities was (\$0.1 million) for repayments of lease liabilities.
- Estimated quarters of funding available, as calculated in the Appendix 4C, of 2.2 quarters. The Company believes this figure is understated, as operating cash flows for the current quarter included higher user acquisition (marketing) costs for the B2C Subscription division to bring these



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activities in-house in Q1 FY24. The restructure is projected to secure greater margins and revenue on B2C products to be captured in the remainder of FY24. Furthermore, there were higher payments in Q1 FY24 related to annual (reporting and auditing) items from FY23, which will not be repeated in the coming quarters.

### **Related Party Payments**

Section 6 of the Appendix 4C released today discloses payments to related parties of \$70K, reflecting fees paid to non-executive directors and for provisions for Company Secretary services during the quarter.

Unith invites investors to join its mailing list for updates by subscribing at:

<https://www.unith.ai/subscribe>

This announcement has been authorised for release by the Board of Directors of Unith Ltd.

**(ENDS)**

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## **About UNITH**

UNITH is a leading digital human software developer. It unifies the research and development of facial movement deep learning, audio machine learning, and conversational design to generate the first customizable, interactive avatar of its kind.

Businesses can create their own digital humans to immerse, assist, and educate customers in real time and in multiple languages, all through one full stack platform.

For further information, please visit: [unith.ai](https://unith.ai)



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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Unith Ltd

**ABN**

13 083 160 909

**Quarter ended ("current quarter")**

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,025	1,025
1.2 Payments for		
(a) research and development	(347)	(347)
(b) product manufacturing and operating costs	(209)	(209)
(c) advertising and marketing *	(705)	(705)
(d) leased assets		
(e) staff costs	(621)	(621)
(f) administration and corporate costs	(338)	(338)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(15)	(15)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,209)</b>	<b>(1,209)</b>

\*includes in-house user acquisition costs tied to restructuring the B2C subscription division.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property	(315)	(315)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(315)</b>	<b>(315)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(95)	(95)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(95)</b>	<b>(95)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,260	4,260
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,209)	(1,209)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(315)	(315)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(95)	(95)
4.5	Effect of movement in exchange rates on cash held	34	34
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,675</b>	<b>2,675</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,675	4,260
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,675</b>	<b>4,260</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	70
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	0	0
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	0	0
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,209)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,675
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,675
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	2.2
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  <div style="border: 1px solid black; padding: 5px; min-height: 30px;">           Answer:         </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?  <div style="border: 1px solid black; padding: 5px; min-height: 30px;">           Answer:         </div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  <div style="border: 1px solid black; padding: 5px; min-height: 30px;">           Answer:         </div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 17 October 2023

Authorised by the Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.