

ASX Announcement
28 October 2024

UNITH's recently launched self-service Digital platform, interFace, gains strong initial traction with new customers and resellers

30 September 2024 Quarter Activities Report

Unith Ltd (ASX: UNT | FWB: CM3) ("UNITH" or the "Company") provides its quarterly activities report and Appendix 4C for the three months ended 30 September 2024 (Q1 FY25).

Q1 FY25 Highlights:

- interFace, UNITH's new Digital Human platform self-service offering, launched on 23 September 2024
- This Digital Human platform self-service offering enables users to autonomously create accounts, generate, and deploy Digital Humans
- Clients can access this functionality without engaging with a UNITH customer service representative
- interFace is a scalable platform that enhances UNITH's enterprise solutions and provides a comprehensive API for developers
- interFace offers a "Freemium" subscription model
- Demonstrating the traction being generated by UNITH Digital Humans, new client engagements include ClubLinks, CloneByMe, Talkmaster AI, Graphlogic, LinkIt and Time Under Tension
- \$2.53 million cash on hand as of 30 September 2024.

Digital Human Technology Division

Operational Update

UNITH achieved a major milestone with the launch of interFace, UNITH's self-service platform that will democratise the creation and management of Digital Humans for businesses of all sizes. InterFace introduces a range of capabilities that UNITH has developed over the past three years in a way that eliminates all the complexity and makes it possible for non-technical personas to leverage state of the art technology to create Digital Humans at scale. This brings together:

- 1) Proprietary Visual Synthesis Engine that creates realistic avatars in near real time enabling conversational use of Digital Humans or very rapid, on-demand content creation
- 2) Huge library of synthesised voices that provide coverage for all major languages and accents globally
- 3) Conversational engine that delivers a realistic conversation, leveraging integrations with:
 - a) openAI large language models (LLMs) to allow for a real-feel conversation



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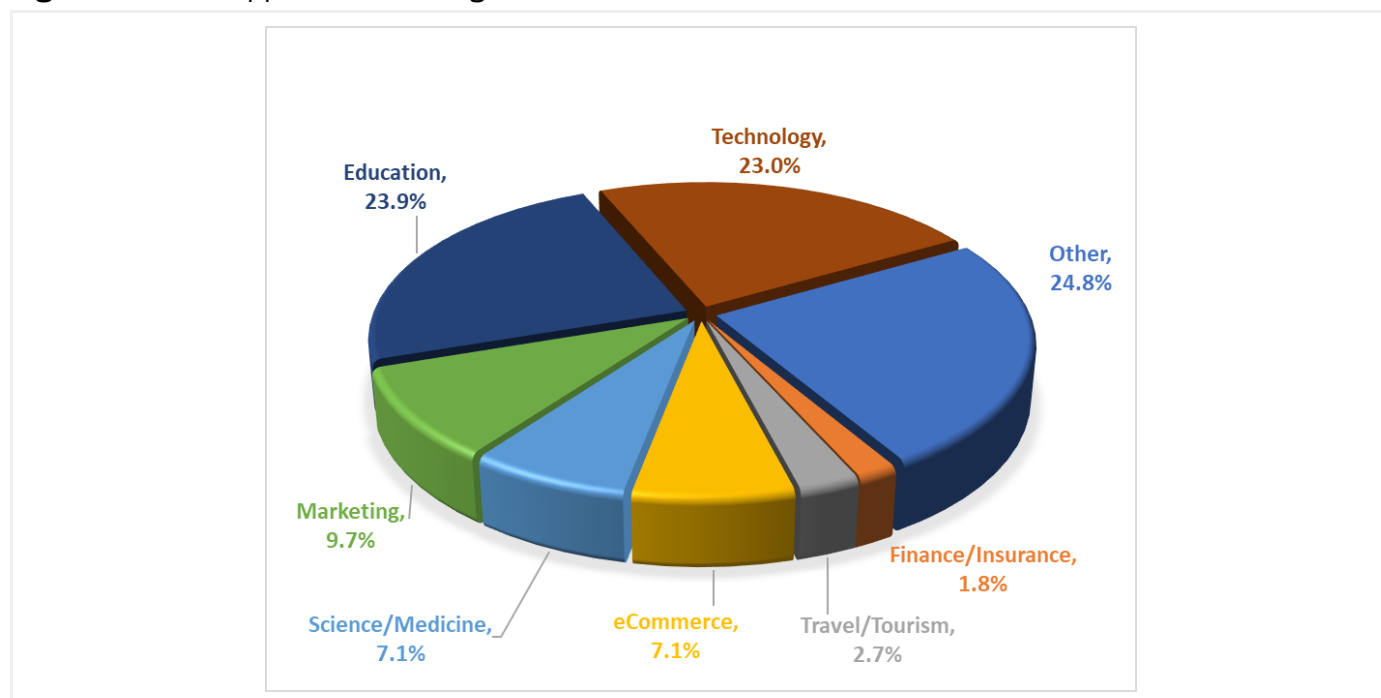
- b) information retrieval services enabling Digital Humans to access data from a customer-specified knowledge base
- 4) A whole host of underlying configuration parameters that allow customisation and personalisation of the Digital Humans, along with easy deployment into 3rd party apps.

ÜNITH is publicly available at: <https://app.unith.ai/> and available under a “Freemium” model.

Upon registration, users gain access to a basic package (free of charge) and are able to start generating their own Digital Human with limited visual assets and usage capacity. These free Digital Humans can then be deployed to external websites to give users a basic understanding of how ÜNITH Digital Humans can be trained and deployed. They are however watermarked with the ÜNITH logo and come with limited functionality.

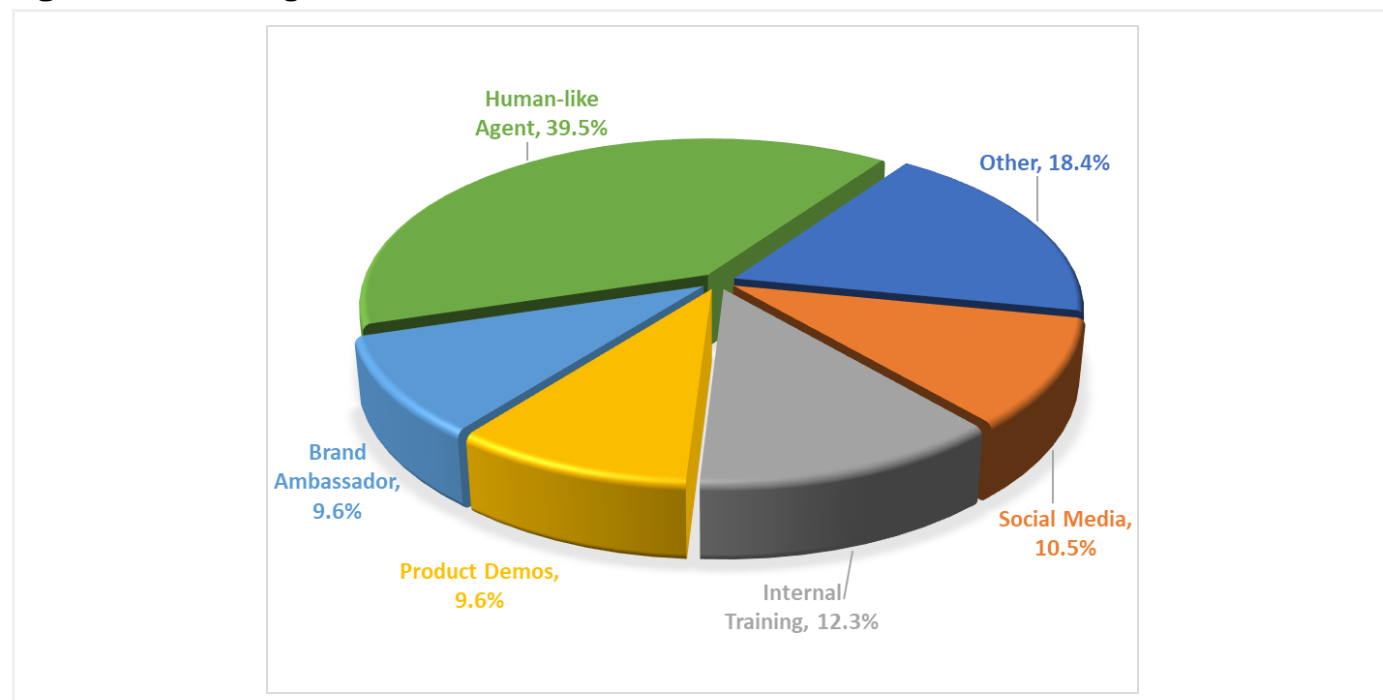
Insights from initial registrations on the platform show an equal mix of business and personal usage with just over half of total registered users looking to use the platform for their business or their clients. The data shows there is a broad range of applications Digital Humans can be used for, with Education being the current most desired use case. Technology-based use cases suggest that there is appetite to embed Digital Humans in broader applications that may serve a range of different target personas and businesses.

Figure 1: Sector applications for Digital Humans



Furthermore, the desire to use Digital Humans as human-like agents, potentially combined with brand ambassadors, training or for social media growth, validates the appetite for UNITH’s differentiating conversational Avatar solution. Agents, by their nature, must be bi-directional as they respond to user requests in real time.

Figure 2: Uses for Digital Humans



Premium subscriptions using the self-service platform start at US\$25 per month, with digital marketing campaigns starting in October 2024 and remaining active for the remainder of UNITH’s 2025 fiscal year, as the Company targets client base growth.

Promotional work has also been undertaken over the past four weeks to more than 1,000 businesses that had pre-registered their interest, some of which have worked with UNITH since December 2023, when the Platform was soft-launched to select clients. This enabled UNITH to gather critical feedback to optimise interFace and ensure ease of use, whereby users can generate, train and deploy their AI-powered Digital Humans with zero experience in coding. Many of these users have now entered into subscription agreements with UNITH for commercial use of interFace, through a mix of platform integrations and premium subscriptions.

Furthermore, UNITH has appointed authorised resellers for interFace in Indonesia and Australia.

Demonstrating the traction being generated by UNITH Digital Humans, some new client engagements include:



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ClubLinks, a facilities management company that oversees a range of leisure, community and hospitality venues across Australia, servicing thousands of customers daily. Clublinks will deploy Digital Humans as a customer service tool that can provide information, while also engaging with customers to collect feedback that can be collated with UNITH analytics to identify trends and improve overall customer service at select facilities.

CloneByMe, a tech startup integrating UNITH's conversational AI technology audiovisual synthesis engine into its native platform to add conversational elements to interactions with its digital clones. The CloneByMe platform will integrate, via Application Programming Interface (API), with the Digital Human platform, which enables seamless integration with external large language models (LLMs) on its platform and UNITH's conversational AI.

Talkmaster AI, a generative AI business developing a language learning application which will assist students with educational activities and improve student fluency in their learned language. By deploying Digital Humans within their application, students will interact with a Digital Human that can interpret spoken audio while also offering corrective advice on pronunciation, tone, words and sentence structure.

Graphlogic, a bot generation business that provides conversational engagement technology that assists businesses engage with its customers, employees and other stakeholders. Integrating the Digital Human platform into its existing service offering, the Digital Human platform will provide an additional value layer to improve conversion and engagement metrics.

LinkIt, an Indonesia-based digital solutions company that will utilise the Digital Human platform for promotional events, generating its executive team as Digital Humans to highlight their innovative AI capabilities within the telecommunications industry. UNITH will also form a strategic partnership with LinkIt as an authorised reseller of the Digital Human platform for the Indonesian market.

Time Under Tension, which offers digital business solutions in Australia and will deploy Digital Humans as part of its B2B marketing initiatives. Digital Humans will be demonstrated as a means for Australian businesses to better engage with their customers with Time Under Tension also appointed as an authorised reseller of the platform under a revenue-share agreement. An example of Digital Human for this use can be viewed at: <https://timeundertension.ai/aiva/>

Revenue generated from these individual clients varies between US\$250 - US\$600 per month (excluding setup costs). These figures are subsequently expected to be upgraded over time, as the above-mentioned clients increase their usage, utilise more features, more Digital Humans, or bespoke solutions. Engagements are also on monthly subscriptions, in line with UNITH's mission to make Digital Humans accessible to businesses of all sizes.

Clients listed in this announcement are not a complete list due to commercial sensitivity for some businesses and any perceived impact on their workforce in the event of Digital Human deployment.



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Next Steps

ÜNITH has completed groundwork to ensure that throughout Q2 FY25 there will be a range of different marketing initiatives aimed at building awareness of the brand, acquiring platform users and driving sales. Some detail on these marketing activities, which will operate across both paid and organic online channels, are provided below.

Paid Channels:

- Meta (Facebook/Instagram):
 - Goal: Generate B2B leads for the sales team.
 - Strategy: Utilize lead magnets to attract new users and build audience segments focussed on AI and digital humans for business enhancement.
- Google Ads (PMAX):
 - Goal: Drive B2C users to try our product.

Organic Channels:

- SEO: Ongoing keyword research to improve organic traffic.
- Social Media:
 - Goal: Reach 10,000 followers on Instagram by year-end.
 - Strategy: Leverage user-generated content across Instagram, Facebook, TikTok, and YouTube Shorts.
 - LinkedIn: Continue to grow via use of the current strategy.
- Outbound strategy focussed on outreach to very specific SMBs.

These go to market initiatives are tailored to a selection of Ideal Customer Profiles (ICPs) with specific use cases, operating in specific markets:

- Core Use Cases across Spain, France and the UK (Paid):
 - Engage with our interFace and explore conversational digital humans.
 - eLearning: Digital Assistants to support students.
 - Digital humans as substitutes for instruction manuals.
 - Exploring additional use cases as we gather more data.
- Outbound applied to Spain and France:
 - Digital Assistants for Real Estate Agencies

Timeline:

- Duration: Flexible; will depend on lead performance and sales team conversion rates.
- Approach: Iterative testing until we identify and optimize for our most valuable ICPs.

Key Objectives:



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- Achieve our Monthly Recurring Revenue (MRR) target for the quarter.
- Build brand awareness.
- Streamline content creation processes for multi-platform use.
- Implement reporting and dashboards to provide visibility into campaign results.

Tracking & Budget Management:

- Focus: Monitor ad performance, optimize budget allocation, and ensure efficient spend management.



B2C Subscription Division

The B2C Subscription division delivered a strong performance over the September 2024 quarter, achieving a 12% increase in revenue compared to the previous quarter. This growth has been driven by steady subscriber acquisition and retention across key markets while maintaining stable marketing investment levels. Our focus on optimizing customer acquisition costs and enhancing the user experience has enabled us to sustain growth momentum while expanding into new markets.

Geographic Expansion and New Product Launches

The Subscription division has expanded its app offering into new markets. The new “AI Tour Guide” app, which offers users personalised travel advice based on UNITH Digital Human technology, has been launched in Romania, while gaming apps were launched in Serbia and Slovenia. Collaborations with local telecommunication companies provide us with direct access to large subscriber bases and convenient payment methods for their customers, increasing our ability to drive user growth in these regions. The untapped potential in these markets is significant, with strong demand for mobile entertainment services and innovative digital content subscriptions.



Additionally, we have extended our operations in Bangladesh by partnering with telecom group Banglalink, one of the country’s leading telecom providers. This partnership opens up substantial growth opportunities in a market with a population of over 160 million and increasing smartphone penetration. The demand for mobile-first digital services continues to grow, and our collaboration with Banglalink allows us to tap into a vast user base, positioning our product offering for significant uptake in the region.



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Looking ahead, we will continue to build on this momentum by leveraging our relationships with telecommunications partners, expanding our product portfolio, and focussing on market-specific strategies to drive further growth. Our recent geographic expansions and strengthened partnerships provide a solid foundation for sustained revenue growth in the coming quarters, as we aim to deliver value to both new and existing customers across diverse markets.

Q1 FY25 Financial Update*

- Cash on hand as of 30 September 2024 of \$2.53 million.
- Net cash used in investing activities was (\$0.33 million) for investment in intellectual property (DH Software Development).
- Net cash from financing activities was (\$60,000), including options exercised of \$27,000 and repayments of lease liabilities of \$87,000.
- Estimated quarters of funding available, as calculated in the Appendix 4C, of 2.9 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 in Q1 FY25. With the latter division's unique Ai offering already starting to penetrate target addressable markets, revenue from B2C products is expected to grow over the remainder of FY25. Furthermore, there were higher payments in Q1 FY25 related to annual (reporting and auditing) items from FY24, 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 \$72,000, reflecting fees paid to non-executive directors and for provisions for Company Secretary services during the quarter.

Corporate

During the period, 36 option holders exercised their unlisted options exercisable at \$0.023, expiring 30 September 2024 and the Company issued 1,181,318 fully paid shares, including Director, Scott Mison.

Post quarter's end, UNITH announces senior leadership team changes

Just after the end of UNITH's Q1 FY25, the Company announced that its Chief Executive Officer ("CEO"), Idan Schmorak, would be stepping down from this role, effective immediately (see ASX announcement dated 4 October 2024). Over his three years as the Company's CEO, Idan was a key part of the leadership team that delivered significant advances in UNITH's technology platform, to the point where it has a product suite in place, interFace included, that is starting to penetrate target addressable markets.

Existing UNITH Director and Company Secretary, Scott Mison, has been appointed Interim CEO, after earlier taking on the Chief Financial Officer responsibilities in July 2024. Scott brings more than 25 years' corporate and operational experience to his new role at UNITH, having earlier held senior executive



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positions with publicly listed companies across Australia, the United Kingdom, Central Asia, Africa and the United States.

Non-executive Director Justin Baird will also be providing technology advisory directly to UNITH's developer team. As a globally recognised leader in software engineering with more than 25 years' experience in the tech industry, Justin has previously held executive roles at major companies Google, Dentsu, Accenture, DHL and Microsoft.

UNITH Executive Director, Scott Mison, said: *"The clear-cut highlight over our September 2024 quarter was the launch of our new Digital Human platform self-service offering, interFace. Its release was the culmination of months of hard work by the whole UNITH team. This ground-breaking product opens the way for users to autonomously create accounts, generate, and deploy Digital Humans – and the fact that its functionality is accessible to our clients without engaging with a UNITH customer service representative is an added selling point.*

While interFace was officially released late in the September 2024 quarter, it was previously soft-launched to select clients way back in late calendar 2023. This trial period gave us ample opportunity to ensure the product met client expectations on multiple fronts, including ease of use.

We are thrilled by initial client reception to interFace. While it has only been available for several weeks, interFace is already gaining traction across key target markets, aided by the appointment of authorised resellers in Indonesia and Australia. And from a look-ahead perspective, we anticipate revenue growth sourced from our interFace offering over time will not just be a function of take up from new users. We also expect revenue growth derived from the offering will also be sourced from existing interFace clients increasing their usage.

We look forward to providing the market with further updates on client take-up of our expanding Digital Human Technology and B2C Subscription products over coming months."

** All FY25 financial data is unaudited unless stated otherwise.*

UNITH invites investors to join its mailing list for updates by subscribing at: www.unith.ai/subscribe

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

(ENDS)

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About ÜNITH

Unith Ltd (ÜNITH) 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 customisable, 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: [ÜNITH.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

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Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,185	1,185
1.2 Payments for			
(a) research and development		(329)	(329)
(b) product manufacturing and operating costs		(332)	(332)
(c) advertising and marketing *		(447)	(447)
(d) leased assets			
(e) staff costs		(603)	(603)
(f) administration and corporate costs		(320)	(320)
1.3 Dividends received (see note 3)			
1.4 Interest received			
1.5 Interest and other costs of finance paid		(10)	(10)
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		(856)	(856)
*includes in-house user acquisition costs tied to restructuring the B2C subscription division.			
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment			
(d) investments			
(e) intellectual property		(330)	(330)
(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)		
2.6	Net cash from / (used in) investing activities	(330)	(330)

3.	Cash flows from financing activities		
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	27	27
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)	(87)	(87)
3.10	Net cash from / (used in) financing activities	(60)	(60)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,806	3,806
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(856)	(856)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(330)	(330)

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)	(60)	(60)
4.5	Effect of movement in exchange rates on cash held	(35)	(35)
4.6	Cash and cash equivalents at end of period	2,525	2,525

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	2,525	3,806
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,525	3,806

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	72
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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	0	0
7.5	Unused financing facilities available at quarter end		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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(856)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,525
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,525
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.9
	<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>	
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?	
	Answer:	
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?	
	Answer:	
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?	
	Answer:	
	<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: 28 October 2024

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.