

ASX Announcement
31 July 2024

New AI features developed for the Digital Human platform, on track for public launch

June 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 June 2024 (Q4 FY24).

Q4 FY24 Highlights:

- Final refinements to the Digital Human platform ahead of the self-service public launch in H1 FY25
- Bi-lingual Digital Humans successfully delivered to Alliance for Public Health (APH), with final testing completed over the quarter
- Launch client APH now presenting Digital Human Social Workers to new territories and languages
- New B2C subscription product Article+ launched, offering wellbeing advice and facilitating conversations about mental health
- \$3.8 million cash on hand as of 30 June 2024

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

“UNITH has increased commercial activity to generate new leads for its Digital Human solutions, and build awareness of the UNITH brand through target markets in eCommerce, retail, healthcare and education. With UNITH Digital Humans already live and operational for clients, our commercial team showcased several solutions at industry trade shows and the AWS Conference, to build our pipeline of qualified leads and waitlist ahead of the general launch of the self-service platform.

“Growing commercial interest was complemented by our development team delivering all milestones set for the June quarter, while also adding more conversational AI features. Some new features for the Customer Panel and conversation engine were brought forward to the June quarter in response to user feedback. These new features are expected to encourage premium subscription upgrades once the platform is fully operational to the public.”



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Digital Human Technology Division

Operational Update

UNITH achieved all key objectives set for Q4 FY24, aligning with developments in the following areas:

- 1) Self-Service use of the UNITH platform Customer Panel
- 2) Conversational engine optimisations with Digital Human training enhancements
- 3) Digital Human Library expansion
- 4) Conversational Hotspots & Analytics

Customer Panel Enhancements: Most critical user feedback from initial users have been addressed and new features added to improve functionality and conversational AI capabilities. Upgrades include the ability for users to:

- *Influence the personality of the Digital Human* with the introduction of advanced prompt controls
- *Set a language recognition* leveraging a library of more than 100 different languages and accents
- *Localise the Digital Human front end language;* when users speak with the Digital Human, the UI can be set to match the target audience language
- *Search the Digital Human and voice library;* this is particularly important for larger accounts who manage a significant amount of Digital Human experiences
- *Embed Digital Humans on external applications* with code generation added

The UNITH Customer Panel is live with beta platform users. The public phase of the launch is set to commence in H1 FY25 with the number of users expected to significantly expand. More than 600 engaged users are currently on the waiting list for priority access.

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Prior	JUN 2024	SEP 2024	DEC 2024
Customer Panel Beta	Customer Panel Launch phase 1/3	Customer Panel Launch phase 2/3	Customer Panel Generally Available
 	<p>Goal: Onboard new customers opting for self-service in a controlled environment. </p> <p>Key Focus: Address critical bugs and user needs based on current feedback.</p>	<p>Goal: Empower all customers to self-manage their Digital Humans, facilitated by UNITH.</p> <p>Key Focus: Test across various environments and usage scenarios, addressing any necessary fixes or improvements from user feedback.</p>	<p>Goal: Enable customers to easily sign up for the Customer Panel with minimal assistance from UNITH.</p> <p>Key Focus: Integrate self sign-up features and support network to accommodate rapid user acquisition</p>
<p>The ultimate goal is to ensure that the software is as stable, reliable, and user-friendly before general availability. The duration of each phase may be adjusted based on the specific needs and priorities</p>			

Conversational Engine Enhancements: The introduction of a new semantic caching layer will enable customers to re-use previously AI-generated digital human responses if they are deemed semantically similar to an already generated response. The benefits of this are threefold:



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- Reduced operational cost by removing the need to regenerate responses to every question
- Speed of responses significantly improved the more a specific digital human is used; and
- Improved consistency in responses

Digital Human Library: Support for customers to import 3D generated avatars into their private library. This supports client requirements in gaming and metaverse landscapes; or those that wish to not use a realistic human face.

Expressive Talking: Successful tests have been carried on delivering more expressive Digital Humans, including more facial expressions, head movements, and hand gestures.

AI Research: To ensure UNITH remains the most scalable, real-time and realistic Digital Human provider in the market, UNITH Research Labs continue to explore new techniques to improve the face synthesis with the following experiments underway or complete, including:

- Ongoing retraining of proprietary facial synthesis model with the addition of 1,500 new subjects (people faces) speaking; and
- Prototype completion for photo to video machine learning (ML) algorithm that will enable a single portrait photo to be used for simple cloning into a Digital Human
- Dramatically increasing the speed of response of Digital Human response delivery; with a prototype successfully delivered.

Stability & Scalability: Development complete, with aggressive testing underway to allow UNITH to perform platform upgrades without impacting Digital Humans.

API Launched: The Digital Human Platform Application Programming Interface (API) has been launched for third party web developers to integrate external websites with the platform. Accompanying the launch, docs.unith.ai has been published to assist web developers as a guide to connect with the Digital Human Platform.

The UNITH API consists of Authentication, User, Organisation, Head, Video, Head Visuals, Voices and Documents. Upon API integration, customers and partners can have control over the appearance, voice, personality and knowledge base of their AI-generated Digital Humans, as well as ongoing management so they can be updated, with analytics generated around conversational performance and flow.

Digital Human Kiosk Concierge: UNITH integrated its Digital Humans with a touchscreen kiosk which was showcased at industry events as a customer service solution or virtual concierge. This application of Digital Humans can be facilitated with camera, QR code and microphone capabilities if corresponding hardware is installed to the kiosk. Digital Human kiosks are suitable for hospitality and customer service functions where the Digital Humans can take order requests, deliver information or collect data to reduce a reliance on traditional labour or reduce waiting times in queues.

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Commercialisation Update

UNITH delivered the final product for the Alliance for Public Health (APH) over Q4 FY24. The project concluded its final testing phase with all Digital Humans speaking in Ukrainian and English. After hosting a workshop in Barcelona with APH and its funding organisation on 8 May 2024, the two entities are now presenting the project to new territories and languages.

Showcase Events

UNITH has attended three industry conferences and trade shows over Q4 FY24 where the commercial team made a range of presentations as part of UNITH's Go-To-Market strategy for the Digital Human Platform. The primary objectives from these events have been to generate interest in the Platform with new leads, build awareness of UNITH AI solutions, and expand the UNITH partner network.

AWS Madrid Conference: UNITH was invited to present at the Amazon Web Services (AWS) conference in Madrid. The commercial team showcased the Digital Human Platform's integration with Amazon Bedrock, which allows AWS users to integrate their own large language models (LLM) into UNITH's Digital Humans.

For businesses that deal mostly in Spanish, the option to engage English speaking customers without expanding their workforce generated great interest, and vice-versa for businesses that want to penetrate Spanish-speaking markets more. UNITH intends to further integrate the Digital Human platform into the global Amazon ecosystem.

Digital 1 to 1 and VTEX Connect Europe: UNITH recently participated in Digital 1 to 1 and VTEX Connect Europe, events attended by ecommerce and retail businesses. At these events, a Digital Human served as the virtual concierge, significantly enhancing visibility among attendees. This interactive feature allowed potential customers to engage with Digital Humans, generating qualified leads. A common demand identified among retail businesses was the need to reduce customer wait times and facilitate digital order placement without human intervention.

In recent weeks, UNITH has identified a diverse array of opportunities across various geographic regions, including Europe, Asia, and Oceania. These opportunities span multiple industries, such as event management, eLearning, and in-store cabin experiences. UNITH is actively engaging in discussions with both small and medium-sized enterprises (SMEs) and large corporate entities. This extensive reach highlights the significant potential for growth and expansion across different markets and sectors.

Platform Freemium Model: The Digital Human Platform will be offered under a freemium subscription model where users will be able to register for a free account that has limited functionality before being encouraged to upgrade to a premium subscription, generating SaaS revenue for UNITH. The pricing has been refined accounting for market feedback making the platform competitive and affordable for SME customers. Feedback on which key features customers want as part of the immediate access and premium subscriptions was also received, resulting in the development team bringing forward



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integration targets for some features to maximise customer retention. Product pricing will be finalised closer to launch pending the feature composition of premium tiers.

B2C Subscription Division

Q4 FY24 marks a full year since the introduction of the new customer acquisition strategies focused on in-house media buying and has proven positive for the Company’s B2C Subscription Division. The Division has achieved a 13,6% revenue increase and a 235% rise in subscriber base compared to FY23, driven by targeted in-house managed marketing campaigns and improved service offerings.

Geographic Expansion and New Product Launch

Subsequent to quarter end, the B2C Division introduced Article+, a new product that leverages UNITH’s Digital Human platform to offer users wellbeing advice through conversations with digital human mental health experts. Aimed at higher-paying customers, Article+ is priced at a 50% premium to UNITH’s entertainment apps and will initially launch with Kcell and Beeline in Kazakhstan. Article+ will be gradually rolled out in more regions over the next 12 months where UNITH has existing revenue-share agreements in place with telco providers throughout Europe, Asia and Africa.

Additionally, the division has expanded its market presence by launching its child-friendly AI app, Bedtime Stories, with telco Cellfie in Georgia. The product features popular children stories presented by UNITH Digital Humans and games localised to Georgian language. With the addition of Georgian language, the Bedtime Stories app is now available in 13 languages.

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UNITH’s focus remains on innovation and stable growth. The Company continues to refine its B2C products, explore new markets, and strengthen partnerships to sustain growth and improve margins.



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Q4 FY24 Financial Update*

- Cash on hand as of 30 June 2024 of \$3.8 million.
- Payments for operating activities decreased 5% from Q3 as the Company continues to actively manage costs to ensure efficient use of capital ahead of product commercialisation. Higher spend on Marketing \$78k, as B2C subscription expanded its market presence with new products.
- Net cash used in investing activities was (\$0.28 million) for investment in intellectual property (DH Software Development).
- Net cash from financing activities was (\$0.3 million), including transaction fees paid of \$297K and repayments of lease liabilities of \$106K.

Related Party Payments

Section 6 of the Appendix 4C released today discloses payments to related parties of \$52K, reflecting fees paid to non-executive directors and for provisions for Company Secretary services during the quarter.

** All FY24 financial data is unaudited unless stated otherwise.*

ÜNITH 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

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

13 083 160 909

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,221	4,972
1.2 Payments for		
(a) research and development	(238)	(1,123)
(b) product manufacturing and operating costs	(319)	(1,296)
(c) advertising and marketing *	(329)	(1,813)
(d) leased assets		
(e) staff costs	(627)	(2,481)
(f) administration and corporate costs	(153)	(987)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(13)	(63)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		(23)
1.9 Net cash from / (used in) operating activities	(458)	(2,814)
*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	(278)	(1,277)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(278)	(1,277)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	65	4,577
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	(297)	(547)
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)	(107)	(341)
3.10	Net cash from / (used in) financing activities	(339)	3,689

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,800	4,260
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(458)	(2814)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(278)	(1,277)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(339)	3,689
4.5	Effect of movement in exchange rates on cash held	(81)	(52)
4.6	Cash and cash equivalents at end of period	3,806	3,806

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	3,806	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)	3,806	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	52
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(458)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,806
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	3,806
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.3
<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: 31 July 2024

Authorised for release 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.