



## The market is realising the opportunity

Unith Limited (ASX:UNT) is a technology company that is leveraging its Talking Heads platform to disrupt the Conversational AI market. It enables businesses to communicate more effectively with their customers and employees by using AI-powered digital avatars that are capable of fully immersive interactions. Talking Head avatars will allow their customers' businesses to showcase products, explain processes, take payments, and answer queries among other functions.

### ChatGPT adoption helps investors realise the potential of Conversational AI

While Talking Heads platform is in its nascent stage of commercialisation, investors have begun to realise the potential for Conversational AI generally to disrupt commerce, with the rapid adoption of ChatGPT. We think that even though ChatGPT is a step above existing technologies, it still lacks a personalised one on one touch with customers and this is what Talking Heads can provide. This may seem like a trivial point, but the aim of Talking Heads is to provide customers of Talking Heads' customers with personalised experiences, to ensure they will become and/or stay customers. A Talking Heads avatar with ChatGPT capabilities will help with this.

### UNT raises \$4.5m to fund growth initiatives

Last month, UNT completed a \$4.5m placement to advance its accelerated growth initiatives. In particular, the company will develop ChatGPT-driven conversational AI features into the Talking Head platform, enhancing its capabilities. Others include sales and marketing initiatives to capitalise on the rising B2B interest in conversational AI and to do so more cost-effectively.

### Valuation updated

In light of these initiatives, we update our valuation to account for the increased sales growth and reduced marketing costs. We now value the company at A\$65.2m base case and \$103.7m bull case, equating to 8.2c per share and 12.7c per share under UNT's current number of shares on issue. Please see page 10 for the key risks.

Share Price: A\$0.028

ASX: UNT

Sector: Technology

13 March 2023

|                              |   |
|------------------------------|---|
| Market Cap. (A\$ m)          | 24.0  |
| # Shares outstanding (m)     | 856.2   |
| # Share fully diluted (m)    | 962.6   |
| Market Cap Full. Dil. (A\$m) | 27.0  |
| Free Float                   | 67.3%   |
| 12-months high/low (A\$)     | 0.045/0.017                                       |
| Avg. daily volume ('1000)    | 3,359.6   |
| Website                      | <a href="https://unith.ai/">https://unith.ai/</a> |

Source: Company, Pitt Street Research

### Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

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## Financial Statements

| <b>Profit &amp; Loss (A\$'000) (Base Case)</b> | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      | <b>2023F</b>     | <b>2024F</b>    | <b>2025F</b>    | <b>2026F</b>    | <b>2027F</b>    | <b>2028F</b>    |
|--|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Sales Revenue</b>                           | <b>7,788.7</b>   | <b>7,026.3</b>   | <b>5,371.3</b>   | <b>5,702.2</b>   | <b>10,568.6</b> | <b>15,738.0</b> | <b>20,643.3</b> | <b>25,352.8</b> | <b>30,079.6</b> |
| Cost of sales                                  | (2,022.0)        | (1,866.4)        | (951.5)          | (1,083.4)        | (1,955.2)       | (2,832.8)       | (3,509.4)       | (4,183.2)       | (4,812.7)       |
| <b>Gross profit</b>                            | <b>5,766.6</b>   | <b>5,159.8</b>   | <b>4,419.9</b>   | <b>4,618.8</b>   | <b>8,613.4</b>  | <b>12,905.2</b> | <b>17,134.0</b> | <b>21,169.6</b> | <b>25,266.8</b> |
| Operating expenses                             | (6,206.4)        | (6,346.7)        | (5,749.9)        | (5,189.0)        | (8,333.3)       | (11,158.2)      | (13,108.5)      | (14,628.6)      | (16,333.2)      |
| <b>Underlying EBITDA</b>                       | <b>(439.7)</b>   | <b>(1,186.8)</b> | <b>(1,330.0)</b> | <b>(570.2)</b>   | <b>280.1</b>    | <b>1,746.9</b>  | <b>4,025.4</b>  | <b>6,541.0</b>  | <b>8,933.6</b>  |
| One off adjustments                            | (141.0)          | (595.6)          | (1,057.4)        | (28.5)           | (26.4)          | (15.7)          | 0.0             | 25.4            | 30.1            |
| <b>Adjusted EBITDA</b>                         | <b>(580.7)</b>   | <b>(1,782.4)</b> | <b>(2,387.4)</b> | <b>(598.7)</b>   | <b>253.6</b>    | <b>1,731.2</b>  | <b>4,025.4</b>  | <b>6,566.4</b>  | <b>8,963.7</b>  |
| Depn & Amort                                   | (533.6)          | (554.9)          | (655.6)          | (560.4)          | (699.2)         | (849.8)         | (896.5)         | (580.6)         | (676.1)         |
| <b>Adjusted EBIT</b>                           | <b>(1,114.3)</b> | <b>(2,337.4)</b> | <b>(3,043.0)</b> | <b>(1,159.2)</b> | <b>(445.6)</b>  | <b>881.4</b>    | <b>3,129.0</b>  | <b>5,985.8</b>  | <b>8,287.6</b>  |
| Net Interest                                   | (858.1)          | (437.2)          | (127.7)          | (27.9)           | (2.8)           | 20.7            | 58.7            | 114.0           | 193.6           |
| <b>Profit before tax (before exception)</b>    | <b>(1,972.4)</b> | <b>(2,774.6)</b> | <b>(3,170.7)</b> | <b>(1,187.1)</b> | <b>(448.4)</b>  | <b>902.1</b>    | <b>3,187.7</b>  | <b>6,099.8</b>  | <b>8,481.2</b>  |
| Tax expense                                    | 1,248.9          | (2,218.2)        | 0.0              | 0.0              | 0.0             | (270.6)         | (956.3)         | (1,830.0)       | (2,544.4)       |
| <b>NPAT</b>                                    | <b>(723.6)</b>   | <b>(4,992.8)</b> | <b>(3,170.7)</b> | <b>(1,187.1)</b> | <b>(448.4)</b>  | <b>631.5</b>    | <b>2,231.4</b>  | <b>4,269.9</b>  | <b>5,936.8</b>  |
| Loss from Discontinued Operation               | (1,041.3)        | (1,746.0)        | 0.0              | 0.0              | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>NPAT post Discontinued Operation</b>        | <b>(1,764.8)</b> | <b>(6,738.8)</b> | <b>(3,170.7)</b> | <b>(1,187.1)</b> | <b>(448.4)</b>  | <b>631.5</b>    | <b>2,231.4</b>  | <b>4,269.9</b>  | <b>5,936.8</b>  |
| <b>Cash Flow (A\$'000)</b>                     | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      | <b>2023F</b>     | <b>2024F</b>    | <b>2025F</b>    | <b>2026F</b>    | <b>2027F</b>    | <b>2028F</b>    |
| Profit after tax                               | (1,764.8)        | (6,738.8)        | (3,170.7)        | (1,187.1)        | (448.4)         | 631.5           | 2,231.4         | 4,269.9         | 5,936.8         |
| Depreciation and amortization                  | 598.2            | 639.2            | 655.6            | 560.4            | 699.2           | 849.8           | 896.5           | 580.6           | 676.1           |
| Changes in working capital                     | (1,087.1)        | 3,265.0          | 443.2            | 64.3             | 684.8           | 659.8           | 407.7           | 425.4           | 361.6           |
| Other operating activities                     | 606.4            | 1,169.1          | 2,083.7          | 42.8             | 79.3            | 94.4            | 103.2           | 126.8           | 150.4           |
| <b>Operating cashflow</b>                      | <b>(1,647.4)</b> | <b>(1,665.6)</b> | <b>11.8</b>      | <b>(519.5)</b>   | <b>1,014.9</b>  | <b>2,235.4</b>  | <b>3,638.8</b>  | <b>5,402.7</b>  | <b>7,124.9</b>  |
| Payments for PPE                               | (15.1)           | 0.0              | (6.6)            | (75.0)           | (75.0)          | (75.0)          | (75.0)          | (75.0)          | (75.0)          |
| Payments for intangibles                       | (255.9)          | (283.6)          | (786.6)          | (300.0)          | (300.0)         | (300.0)         | (300.0)         | (300.0)         | (300.0)         |
| <b>Investing cashflow</b>                      | <b>(267.1)</b>   | <b>(1,609.9)</b> | <b>(2,115.5)</b> | <b>(375.0)</b>   | <b>(375.0)</b>  | <b>(375.0)</b>  | <b>(375.0)</b>  | <b>(375.0)</b>  | <b>(375.0)</b>  |
| Equity raised (repurchased)                    | 1,555.3          | 7,490.3          | 720.4            | 4,500.0          | 750.0           | 500.0           | 250.0           | 100.0           | 50.0            |
| Net proceeds from borrowings                   | 1,760.7          | (2,107.4)        | (233.3)          | (75.0)           | (75.0)          | (75.0)          | (75.0)          | (75.0)          | (75.0)          |
| Other financing activities                     | (323.3)          | (1,073.6)        | 961.4            | 0.0              | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             |
| <b>Financing cashflow</b>                      | <b>2,992.7</b>   | <b>4,309.3</b>   | <b>1,448.5</b>   | <b>4,425.0</b>   | <b>675.0</b>    | <b>425.0</b>    | <b>175.0</b>    | <b>25.0</b>     | <b>(25.0)</b>   |
| Net change in cash                             | 1,078.1          | 1,033.8          | (655.2)          | 3,530.5          | 1,314.9         | 2,285.4         | 3,438.8         | 5,052.7         | 6,724.9         |
| Cash at end Period                             | 308.2            | 1,033.9          | 119.4            | 3,649.8          | 4,964.7         | 7,250.1         | 10,688.9        | 15,741.6        | 22,466.5        |
| <b>Balance Sheet (A\$'000)</b>                 | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      | <b>2023F</b>     | <b>2024F</b>    | <b>2025F</b>    | <b>2026F</b>    | <b>2027F</b>    | <b>2028F</b>    |
| Cash   | 1,914.0          | 3,143.0          | 2,228.5          | 3,649.8          | 4,964.7         | 7,250.1         | 10,688.9        | 15,741.6        | 22,466.5        |
| Total Assets                                   | 12,114.1         | 9,845.5          | 7,352.6          | 8,582.7          | 10,027.4        | 12,310.2        | 15,661.8        | 20,898.2        | 27,689.7        |
| Total Liabilities                              | 9,532.3          | 4,594.0          | 2,651.2          | 2,677.5          | 3,820.6         | 4,971.9         | 5,842.2         | 6,708.8         | 7,513.3         |
| Shareholders' Funds                            | 2,581.8          | 5,251.4          | 4,701.3          | 5,905.2          | 6,206.8         | 7,338.2         | 9,819.6         | 14,189.5        | 20,176.3        |
| <b>Ratios</b>                                  | <b>2020</b>      | <b>2021</b>      | <b>2022F</b>     | <b>2023F</b>     | <b>2024F</b>    | <b>2025F</b>    | <b>2026F</b>    | <b>2027F</b>    | <b>2028F</b>    |
| Net debt (cash)/Equity                         | 141.0%           | -18.2%           | -21.3%           | -42.3%           | -62.6%          | -85.2%          | -99.4%          | -104.9%         | -107.5%         |
| Total Cash / Total Assets                      | 15.8%            | 31.9%            | 30.3%            | 42.5%            | 49.5%           | 58.9%           | 68.2%           | 75.3%           | 81.1%           |
| Return on Equity (%)                           | NM               | NM               | NM               | NM               | NM              | 9.3%            | 26.0%           | 35.6%           | 34.6%           |

Estimates: Pitt Street Research



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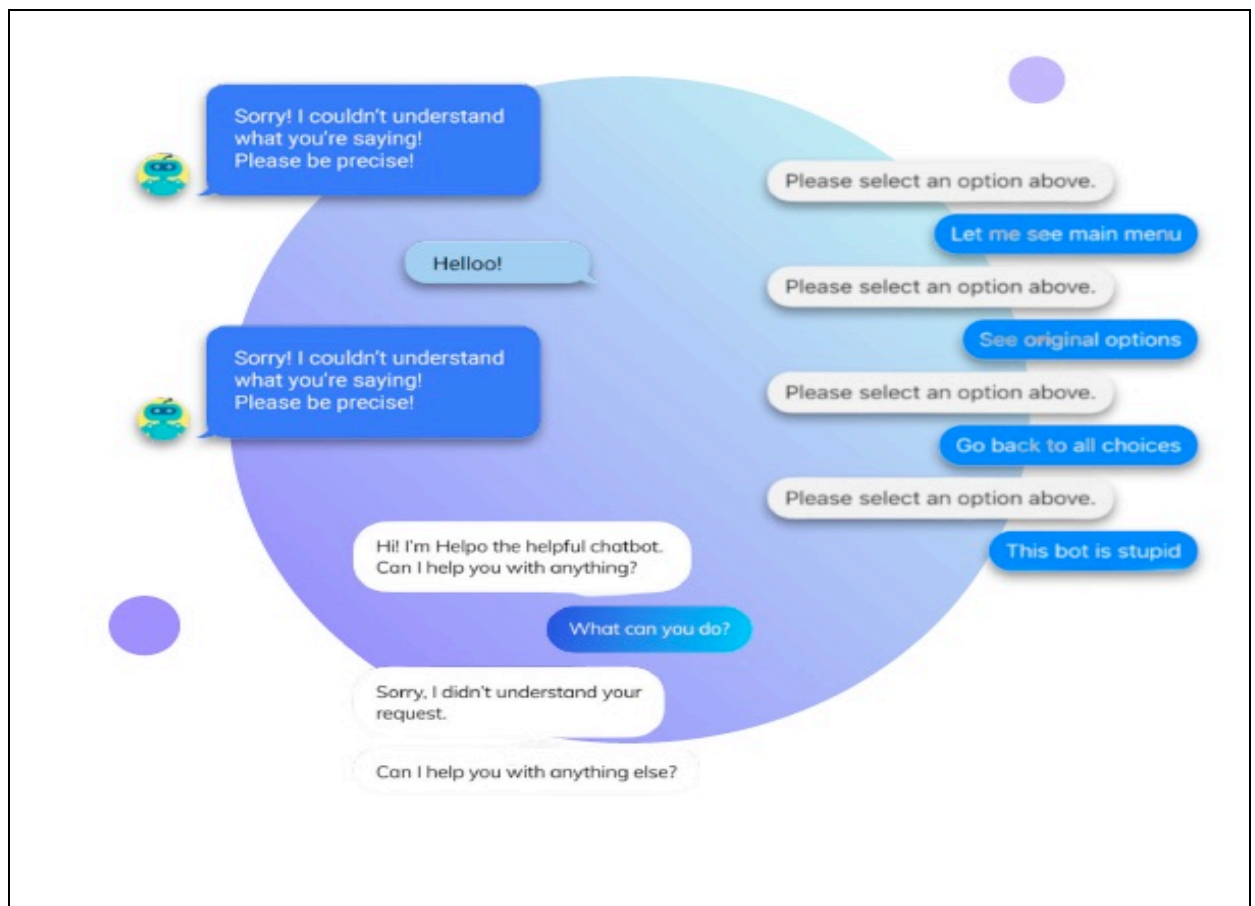
## Unith's Talking Head Platform is at the right place at the right time

*UNT's Talking Head platform offers fully immersive interactions by using AI-powered digital avatars.*

As outlined in our initiation report, UNT's Talking Head Platform offers fully immersive interactions by using AI-powered digital avatars. The Talking Heads platform enables businesses to create visual avatars and have one on one Facetime-like conversations with their customers in real-time. They can generate human-like speech in real time and use NLP (Natural Language Processing) to understand user intentions and provide coherent answers. The final avatars don't just answer a handful of anticipated questions but have full on interactions with customers. Talking Heads draws on more than 10 years of data analytics extracted from over 180m customer Q&As.

Compared to the available limited competition, Talking Heads results in a more engaging and immersive experience for existing and potential customers and is therefore more likely to leave them satisfied. For businesses, this means a higher likelihood of customer conversion or retention. It will also save businesses hiring multiple employees to cover different regions and navigating the current labour market. It is easy to integrate within all client environments and costs a fraction of the existing competition. Talking Heads seeks to replace chatbots, that don't provide personalized experiences and can undertake limited interactions (Figure 1).

Figure 1: Chatbots are difficult to communicate with



Source: Company, Pitt Street Research



While chatbots have been utilised by companies as an attempt to cut labour costs, while achieving the same outcomes that are satisfactory to customers, they are causing more harm to individual companies than good.

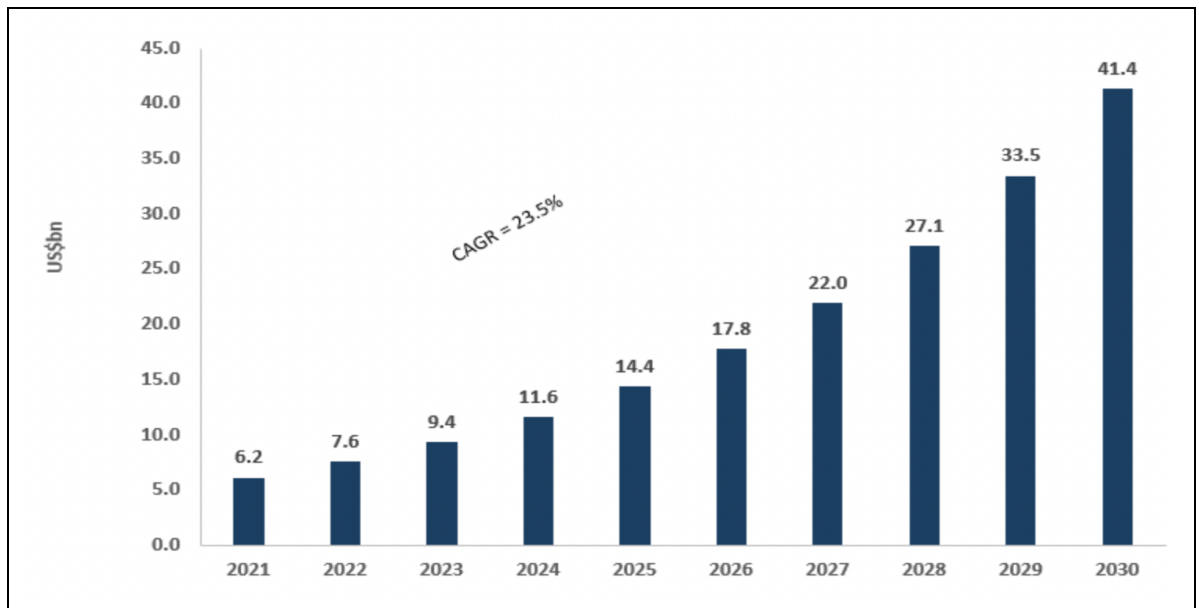
Indeed, a 2022 study by Ujet found that 80% of consumers who have interacted with a chatbot said it increased their frustration level, 78% of consumers were forced to connect with a human after failing to resolve their needs through an automated channel and 63% indicated that their interaction with a chatbot did not result in a resolution.<sup>1</sup> Theoretically, a chatbot powered by Conversational AI would have greater potential to interact successfully with customers, providing a personalised experience and resolving their problem.

**Conversational AI is a \$6.2bn market that investors are beginning to realise the potential of**

Talking Heads has a significant market opportunity before it. According to US-based marketing research and consulting company Grand View Research, the global conversational AI market was worth US\$6.2bn in 2021 and is expected to surpass US\$40bn by 2030, representing ~21.3% CAGR growth (Figure 2).

*The global conversational AI market is expected to surpass US\$40bn by 2030.*

Figure 2: The Conversational AI market



Source: Grand View Research

**The Big Five deal is underestimated by investors**

We are encouraged by the company’s landmark deal with a Big Five Tech company - one of Meta, Amazon, Apple, Microsoft or Google. The two-year deal provides for UNT to provide three licenses comprising three digital avatars (to be developed in conjunction with the client) and provide ongoing technical support.

We observe that the specific identity company has been undisclosed and has been unable to be identified due to commercial confidentiality purposes. If and when this is revealed, which would inevitably come in conjunction with

<sup>1</sup> Ujet.cx <https://ujet.cx/press-releases/ujet-research-reveals-chatbots-increase-frustration>





an expansion of the deal beyond the current three licenses, it will be a major driver of shareholder value.

Indeed, Conversational AI applications such as Talking Heads are likely to address the Big Tech's business challenges. It can also be scaled across multiple languages by providing humanised interactions at scale globally, without the requirement of additional hires. The avatars supplied by UNT are likely to be driven by conversational AI for the purpose of information delivery and for providing humanised interactions in real time across multiple languages. This multi-language interaction is likely to result in the enterprise not needing to hire multiple employees to cover different regions. The digital avatars are likely to be designed in collaboration with the client and will be programmed with conversational AI in French, German and English. This is expected to expand to material values over time with licensing of additional digital avatars in deep-technology applications.

We acknowledge investors have been indifferent about this deal, indicated by the lack of a share price response at the time this deal was first unveiled, because the Big Five Tech Company has not been identified. We expect that the company will be identified once this deal expands and this will be a significant share price catalyst.

## What ChatGPT could do for UNT

We think a major impediment to UNT unlocking shareholder value has been a lack of investor understanding of the market opportunity. This has all changed with the launch of the popular artificial intelligence chatbot ChatGPT. In the two months since it launched, it has been the fastest growing consumer internet app, reaching 100m users by early-February. For comparison's sake, it took Instagram over 2 years to reach 100m users and even TikTok took 9 months. We think UNT's share price run in CY23 to date depicts that investors are beginning to understand the opportunity.

But where does Talking Heads fit in? Could it be a competing product? Do they serve different markets? Investors now have clarity about this question. UNT has completed a \$4.5m placement that will develop ChatGPT-driven conversational AI features into the Talking Head platform, among other features. What will this mean for the platform?

## ChatGPT provides the text, Talking Heads provides the human face

In the short term, ChatGPT could be integrated into the Talking Head platform and this is UNT's intention. This would enable an even more capable avatar and make the platform even more compelling for would-be customers.

In the longer-term, we see potential for the pair to be complimentary products. Although ChatGPT is certainly more intelligent than chatbots, they still lack a human face and this is what Talking Heads would provide. Even if a ChatGPT chatbot would be less likely to leave a business' present and potential customers dissatisfied by not being able to solve a particular query, a Talking Head avatar presents the opportunity to offer a competitive difference for a business that uses it compared to a business that does not.

*We think Talking Heads is a cut above ChatGPT and other similar applications.*



### **A human-like experience at low prices**

UNT's technology is not only human-like and but is nonetheless cheap to run. This is because the company is able to run tens of thousands of simultaneous communications on a single server. This makes the operating costs very low and allows the company to offer it to its future clients at competitive prices. Adding ChatGPT capabilities to the avatar would add minimal ongoing costs (if any) but would enhance the value proposition for end customers.

### **Big things to come in CY23 and beyond**

Over the next few years, UNT plans to commercialise its Talking Head model and shareholders have a lot to look forward to in the short and long term.

### **\$4.5m capital raising will fund growth**

As noted above, the company raised \$4.5m in a strongly supported and upsized share placement to institutional, sophisticated and professional investors. It has also launched a Share Purchase Plan, offering eligible shareholders the opportunity to invest via a Share Purchase Plan.

The funds will be used not just to develop ChatGPT-driven conversational AI features into the Talking Head platform but also to:

- Add features that will improve the software efficiency, both on the end user side and will remove friction on the client side allowing easy onboarding on the platform.
- Accelerate development of the Talking Head platform, including sizing up the development team
- Increase sales capacity with additional roles flagged for the commercial team in line with scalability of the Talking Head platform
- Drive sales and marketing initiatives with allocated KPI-focused budgets to capitalise on rising B2B interest in conversational AI and generative AI business solutions.

We expect all of these initiatives to have a positive impact on the company and its growth prospects.



### Potential future applications

Early enterprise deals have indicated potential verticals that the company could target (Figure 3).

Figure 3: Future Potential areas for UNT

| Health  | Entertainment  | Aviation  | Web 3.0 Infrastructure  | Media Search  |
|---|--|---|---|---|
| <ul style="list-style-type: none"> <li>• Already present in the sector through a commercial deal with South African PangeaMed</li> <li>• Patient queries including treatment and recovery options through the Talking Head</li> <li>• Significant potential for this technology in the low technology environments</li> </ul> | <ul style="list-style-type: none"> <li>• UNT has historical ties to celebrities and the global network of social media influencers, giving the company a very strong foothold in the industry</li> <li>• Talking Head can support social influencers to have an one on one conversations with fans on a personalised scale that otherwise would not be possible</li> </ul> | <ul style="list-style-type: none"> <li>• Deteriorating levels of customer service (due to non-availability of staff), can be managed through the Talking Head communication platform</li> <li>• Talking Heads could help airlines increase customer satisfaction and reduce labour costs</li> </ul> | <ul style="list-style-type: none"> <li>• The Talking Head platform has a significant opportunity for new story telling environments such as NFTs and the Metaverse.</li> <li>• Web 3.0 has a strong focus on decentralised applications and extensively uses machine learning and AI to empower more intelligent and adaptive applications</li> </ul> | <ul style="list-style-type: none"> <li>• The amount of business being done through search engines is several times higher than a decade ago but user-friendliness has hardly changed</li> <li>• Search engines often change their algorithms to enhance the user experience, where taking head can play significant role</li> </ul> |

Source: Company, Pitt Street Research

**Big Five Tech Company** – As we outlined above, UNT was engaged by a Big Five Tech company – one of Meta, Amazon, Apple, Microsoft or Google. However, the company name was not disclosed due to commercial confidentiality purposes. Under the terms of the two-year agreement with the big five tech company, three licenses comprising three digital avatars will be supplied by UNT, and technical support will be provided.

Conversational AI is likely to address the Big Tech’s business challenges. It can also be scaled across multiple languages by providing humanised interactions at scale globally, without the requirement of additional hires. The avatars supplied by UNT are likely to be driven by conversational AI for the purpose of information delivery and for providing humanised interactions in real time across multiple languages. This multi-language interaction is likely to result in the enterprise not needing to hire multiple employees to cover different regions. The digital avatars are likely to be designed in collaboration with the client and will be programmed with conversational AI in French, German and English. This is expected to expand to material values over time with licensing of additional digital avatars in deep-technology applications.

**PangeaMed** – This South Africa-based healthcare company was the first paying customer for the Talking Head platform. Engaged with hospitals,





medicare and govt providers PangeaMed specialises in enhanced recovery, health advocacy, patient awareness, data, innovation and training.

UNT was engaged by PangeaMed to customise the platform to support as a medical professional, to answer hundreds of queries for patients recovering from surgeries and provide Medical information to patients who are currently facing bottlenecks in pre-surgery preparations.

**SourceFlare** – Israel-based SourceFlare is an innovative marketing technology that provides business intelligence and omni-channel customer acquisition technology. Machine learning and data insights are applied by the SourceFlare platform for customer lead generation for its clients through online mediums such as search engines and social media.

SourceFlare and UNT ran a six-month proof of concept (PoC) in 2022. The PoC involved the integration of Talking Head conversational AI technology into SourceFlare's marketing platform for the optimisation of customer acquisition and lead generation.

**Bedtime Stories and Astrology VIP** – Entertainment applications like Bedtime Stories and Astrology VIP are the first telecommunication products integrating UNT's Talking Heads technology. The storytelling application (Bedtime Stories) will convert children's books into audio-visual elements. While selecting the book for listening, the users can select between different AI generated avatars as their storyteller. Astrology VIP offers daily astrology updates for its users. The Talking Heads avatar deployed to the app, Astra, will read the daily astrology readings and interact with users.

## Valuation

In our initiation report, published 24 January, we valued the company at \$41.8m base case and \$63.1m bull case, equating to 5.8c per share and 8.8c per share at the number of shares on issue at the time. Since our initiation report, there have been several developments that require our model to be updated. In particular:

- ChatGPT-driven conversational AI features have begun to be developed to be added into the program. This will improve the software efficiency, both on the end user side and will remove friction related to onboarding of new users.
- There have been new sales and marketing initiatives including new hires.
- Investor awareness of UNT and the conversational AI opportunity generally has increased as evidenced by the 91% increase in UNT's market capitalisation from A\$16.6m to A\$31.7m at the market close yesterday.
- The company's shares on issue have increased as a result of the capital raising.

Our new valuation of the company is \$70.2m base case and \$108.7m bull case, equating to 8.2c per share and 12.7c per share respectively (Figure 4 on page 10). We have reduced marketing costs as a share of revenue and have upgraded our assumptions as to the total number of mass subscribers as well as the growth in the average number of licenses. Our base and bull cases have different growth assumptions. Our base case predicts 280 mass enterprise

*Our new valuation of the company is \$70.2m base case and \$108.7m bull case, equating to 8.2c per share and 12.7c per share respectively.*



clients by FY28 with 3% growth in the average number of licenses and revenue per license. Our bull case predicts 330 mass enterprise clients by FY28 with 4% growth in the average number of licenses and revenue per license. We have reduced our WACC to 14%. We have reduced the equity risk premium from 9% to 7%, given that part of our basis for using the former figure was a lack of investor understanding about the sector. We have, however, increased our risk free rate of return from 3.6% to 3.8% in line with the increase in the Australian 10-year government bond.

Last month's capital raising, increasing the company's shares on issue by over 100m, has reduced the final share price from what it otherwise would be. But for the capital raising, our implied price would be 9.8c in the case case and 15.1c in the bull case.

Figure 4: DCF valuation for UNT

| Valuation (A\$m)                   | Base case     | Bull case     |
|------------------------------------|---------------|---------------|
| <b>Enterprise Value</b>            | <b>66.5</b>   | <b>105.1</b>  |
| Net debt (cash)                    | (2.5)         | (2.5)         |
| Minority Interest                  | 0             | 0             |
| Other Investments                  | 1.1           | 1.1           |
| <b>Equity value</b>                | <b>70.2</b>   | <b>108.7</b>  |
| Diluted shares (m)                 | 856.2         | 856.2         |
| <b>Implied price (A\$ cents)</b>   | <b>8.2</b>    | <b>12.7</b>   |
| Adjusted Current price (A\$) cents | 2.8           | 2.8           |
| <i>Upside (%)</i>                  | <i>192.7%</i> | <i>353.5%</i> |

### Key catalysts for the creation of shareholder value

In the immediate term, we see increased customer adoption as biggest potential to increase shareholder value. We also think the current 'Big Five' deal could be a catalyst in itself if this deal is expanded and the identity of the company is unveiled.

We also see the potential for shareholder value as UNT expands into new verticals and continues investing into the Talking Heads platform, to increase its capabilities.

### Key risks

We see the following key risks associated with UNT:

- **Commercialisation Risk:** There is a risk that UNT will be unable to achieve sufficient scale in the commercialisation of its products across target customer segments. This could be because the products are not supported by market needs or otherwise not adequately marketed and fail to sell.
- **Competition Risk:** There is the risk that competing companies develop products that are superior to UNT's products or are at least perceived to be superior by consumers. These products could lead to a loss of market share by UNT.
- **Talent risk:** UNT's success, depends to a significant extent, on its ability to attract and retain key employees, particularly technology talent. The



loss of key personnel may affect the company's ability to develop its products.

- **Regulatory risk:** There is a risk that regulations (existing regulations and potentially new regulations) may impact UNT's business practices. It may cause customers to reduce their usage of the company's product and/or for potential customers to not be attracted. It may also require increased company resources to be dedicated towards regulatory compliance and away from core operations.
- **Capital risk:** There is the possibility that UNT will need further capital to grow its existing businesses' reach. This will dilute existing shareholders and lead to a lack of confidence by investors that the company can achieve profitability. We note that but for the recent capital raise, which increased the number of shares on issue, our valuation per share would be 11.2c per share base case and 17.1c per share bull case – ceteris paribus.

## Appendix I – Analyst certification

Marc Kennis, lead analyst on this report, has been an equities analyst since 1996.

- Marc obtained a Master of Science degree in Economics from Tilburg University, Netherlands, in 1996 and a post-graduate degree in investment analysis in 2001.
- Since 1996, he has worked for a variety of brokers and banks in the Netherlands, including ING and Rabobank, where his focus has been on the technology sector, including the semiconductor sector.
- After moving to Sydney in 2014, he worked for several Sydney-based brokers before setting up TMT Analytics Pty Ltd, an issuer-sponsored equity research firm.
- In July 2016, with Stuart Roberts, Marc co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including technology companies.

Nick Sundich, lead analyst on this report, is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms.

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The analyst has received assistance from the company in preparing this document. The company has provided the analyst with communication with senior management and information on the company and industry. As part of due diligence, the analyst has independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in the report. Diligent care has been taken by the analyst to maintain an honest and fair objectivity in writing this report and making the recommendation.