

SILVER AI

IR NEWSLETTER

Q3.2024



MESSAGE FROM CO-CEO & FOUNDER



CEO & FOUNDER

Quang Phan

Vietnam is actively positioning itself as a key player in the artificial intelligence (AI) landscape, with a national strategy aimed at making the country a regional hub for AI innovation by 2030.

It is important to emphasize that capital-intensive industry has never been a strong suit for Vietnamese start-ups. The local capital market has a significantly shorter duration compared to international standards, which poses challenges for long-term investment strategies. As we pursue our ambitious dreams, we must recognize that great aspirations require time and efforts.

SilverAI proactively embraces a gradual approach, avoiding the pitfalls of impatience that can lead to self-destruction. By focusing on sustainable growth and strategic planning, SilverAI ensures our own success in the long run.

Our first step is Snap Edit, an image editing application with an object remover feature designed to meet the photo editing needs of smartphone users. The market for mobile photo editing applications is unbelievably vast, and we believe that SilverAI's object remover represents a technological breakthrough in AI from Vietnam.

Sincerely,

PHAN SY QUANG

MESSAGE FROM CO-CEO & FOUNDER



CEO & FOUNDER

Nam Le

Snap Edit leverages advanced artificial intelligence (AI) to enhance photo editing, setting it apart from competitors.

AI-driven Automatic Image Analysis: Unlike traditional tools that require manual adjustments, SnapEdit uses AI for automatic image analysis, streamlining complex tasks like object removal and background replacement. This technology allows users to achieve professional-quality edits quickly and efficiently.

Intuitive Object Removal Tool: A standout feature of SnapEdit is its intuitive object removal tool, which seamlessly erases unwanted elements while intelligently filling in the background with realistic details. This makes it accessible for users with varying skill levels.

Image Enhancement Capabilities: SnapEdit excels in enhancing facial features and overall image quality, appealing to both casual users and professionals who want polished images without extensive effort.

Sincerely,

LE TIEN NAM

SILVERAI ORIGIN & ACHIEVEMENTS



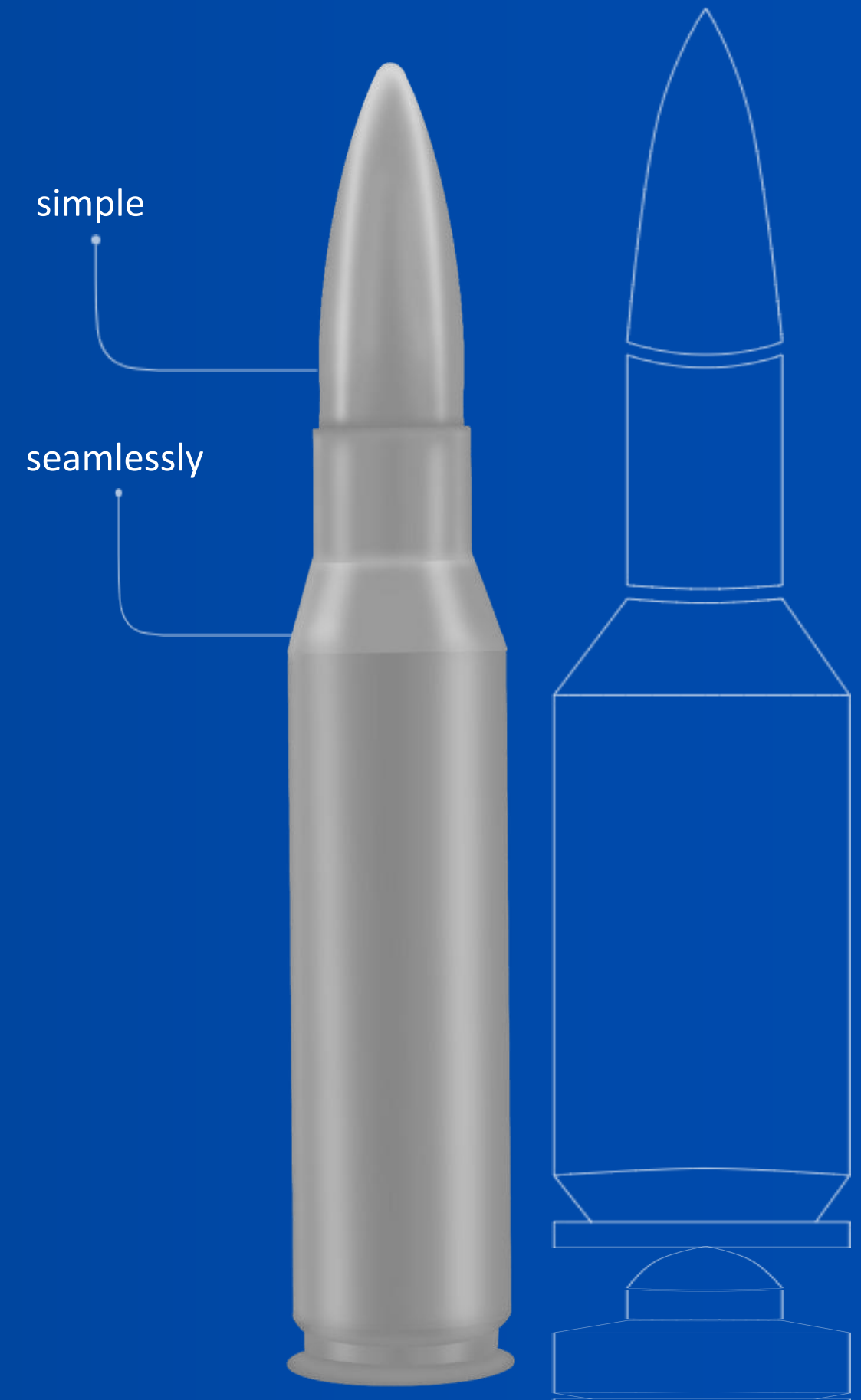
SILVERAI ORIGIN & ACHIEVEMENTS

OUR ORIGIN

The birth of SilverAI

Drawing on the metaphor of a **silver bullet**, SilverAI goal is to be a magic solution to difficult problems by **leveraging AI**.

Our first feature, an **object remover**, uses **AI to mimic human intuition**, allowing us to predict what users want to remove from photos and fill in the erased area for **faster and more natural results** than the traditional method.

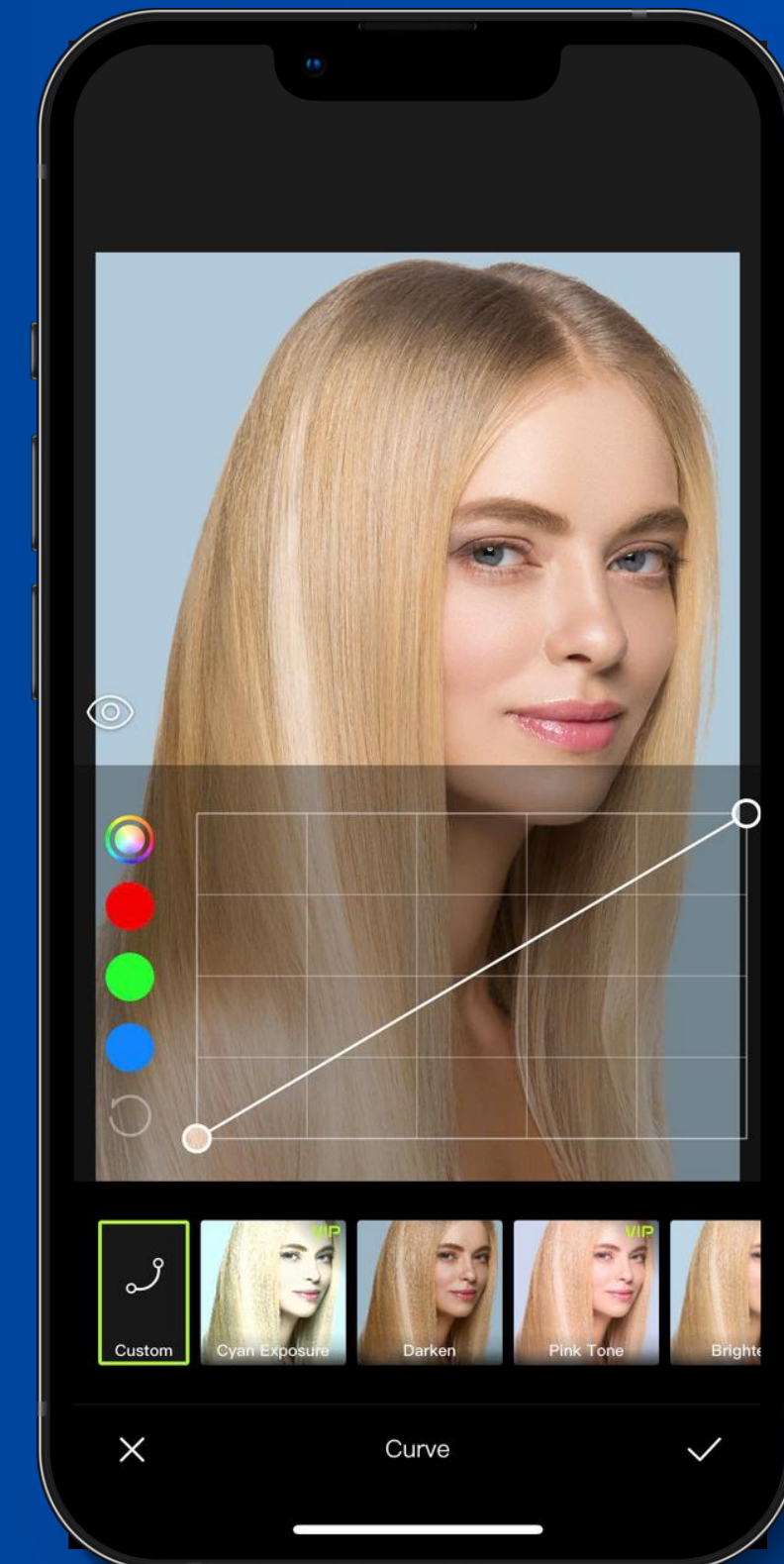


SILVERAI ORIGIN & ACHIEVEMENTS

The consumption of visual products...

The social network becomes a vital part of life, and it becomes more and more visually-driven.

Leading photo/video editing platforms have become **overly complex** and technical while **the mass users fail to attain their simple goals** smoothly (remove object, remove background, adjust lighting, etc.).

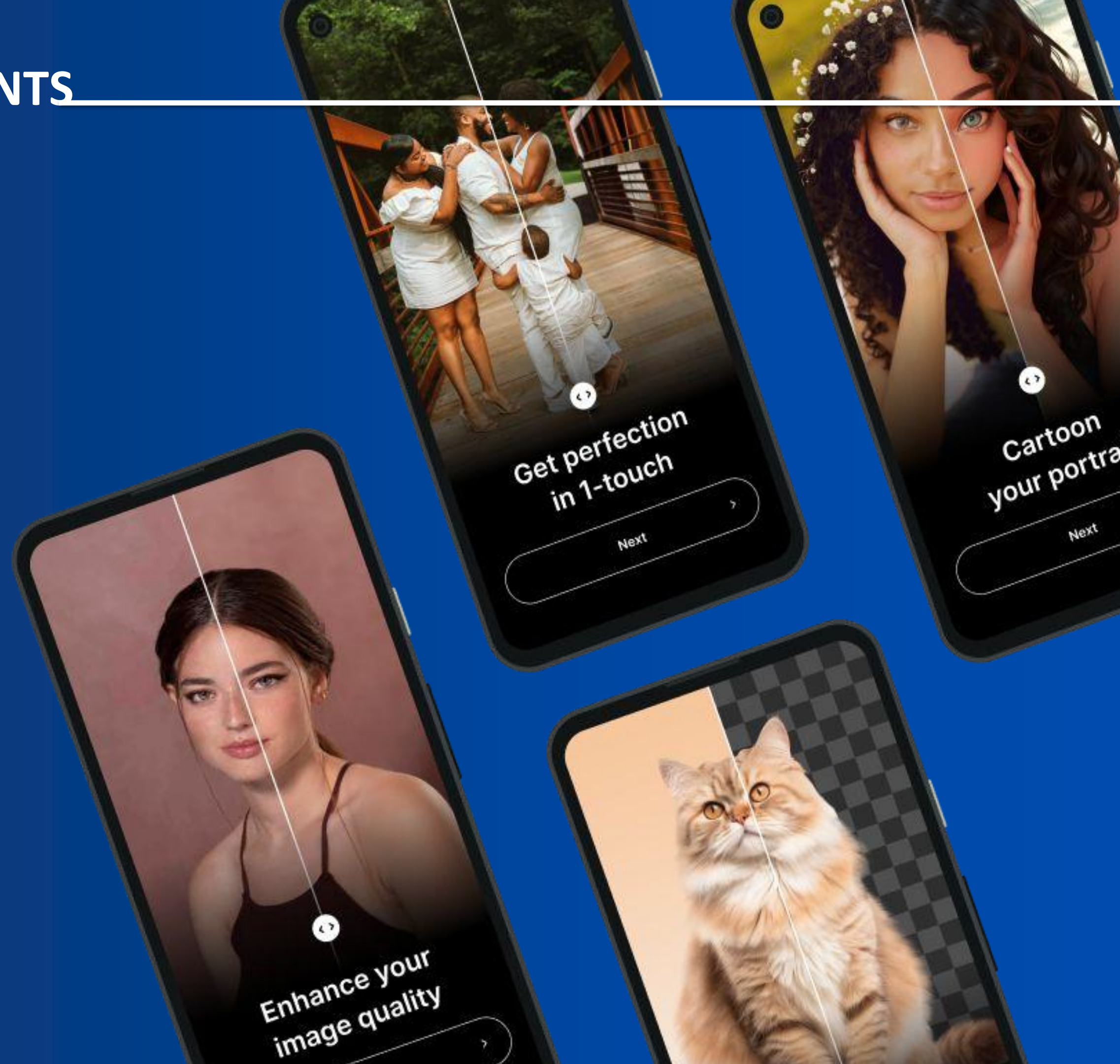


SILVERAI ORIGIN & ACHIEVEMENTS

PRODUCT MOTTO

Seamless Functionality:

We believe our products should be simple, fast, and work like magic with AI.



SILVERAI ORIGIN & ACHIEVEMENTS

OUR PRODUCT

OBJECT REMOVER

It is not only removing objects effectively...



SILVERAI ORIGIN & ACHIEVEMENTS

OUR PRODUCT

OBJECT REMOVER

But also in the most natural and intuitive fashion.



SILVERAI ORIGIN & ACHIEVEMENTS

OUR PRODUCT

OBJECT REMOVER

Last but not least, the Ultimate Object Remover.



SILVERAI ORIGIN & ACHIEVEMENTS

OUR PRODUCT

ENHANCE IMAGE

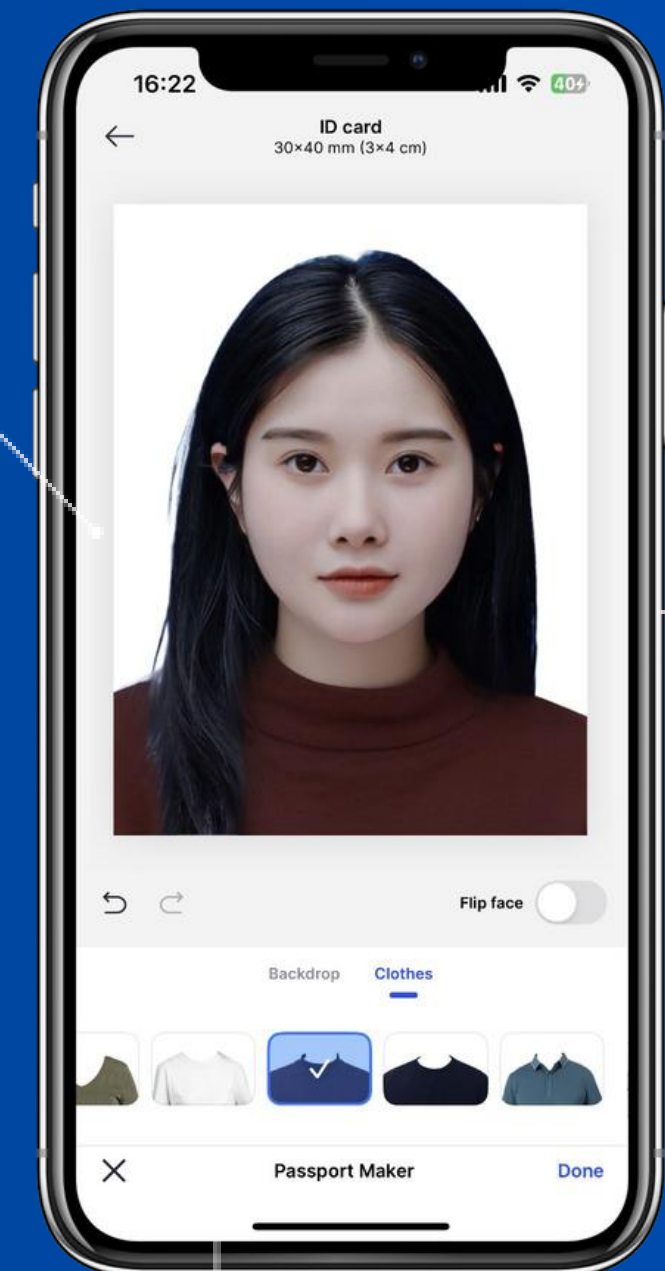
in one-touch...



SILVERAI ORIGIN & ACHIEVEMENTS

OUR PRODUCT

PROFESSIONAL PASSPORT MAKER



Generate Realistic Cloth by AI

SILVERAI ORIGIN & ACHIEVEMENTS

OUR TEAM



19



1



4

SilverAI's core strength is rooted from our exceptional talent pool. By fostering a goal-oriented, highly motivating and scientifically rigorous work environment, we've united top Vietnamese engineers worldwide to build world-class applications.

SILVERAI ORIGIN & ACHIEVEMENTS

OUR ACHIEVEMENTS

Memorable Milestones

5.3 M+

Monthly Active Users

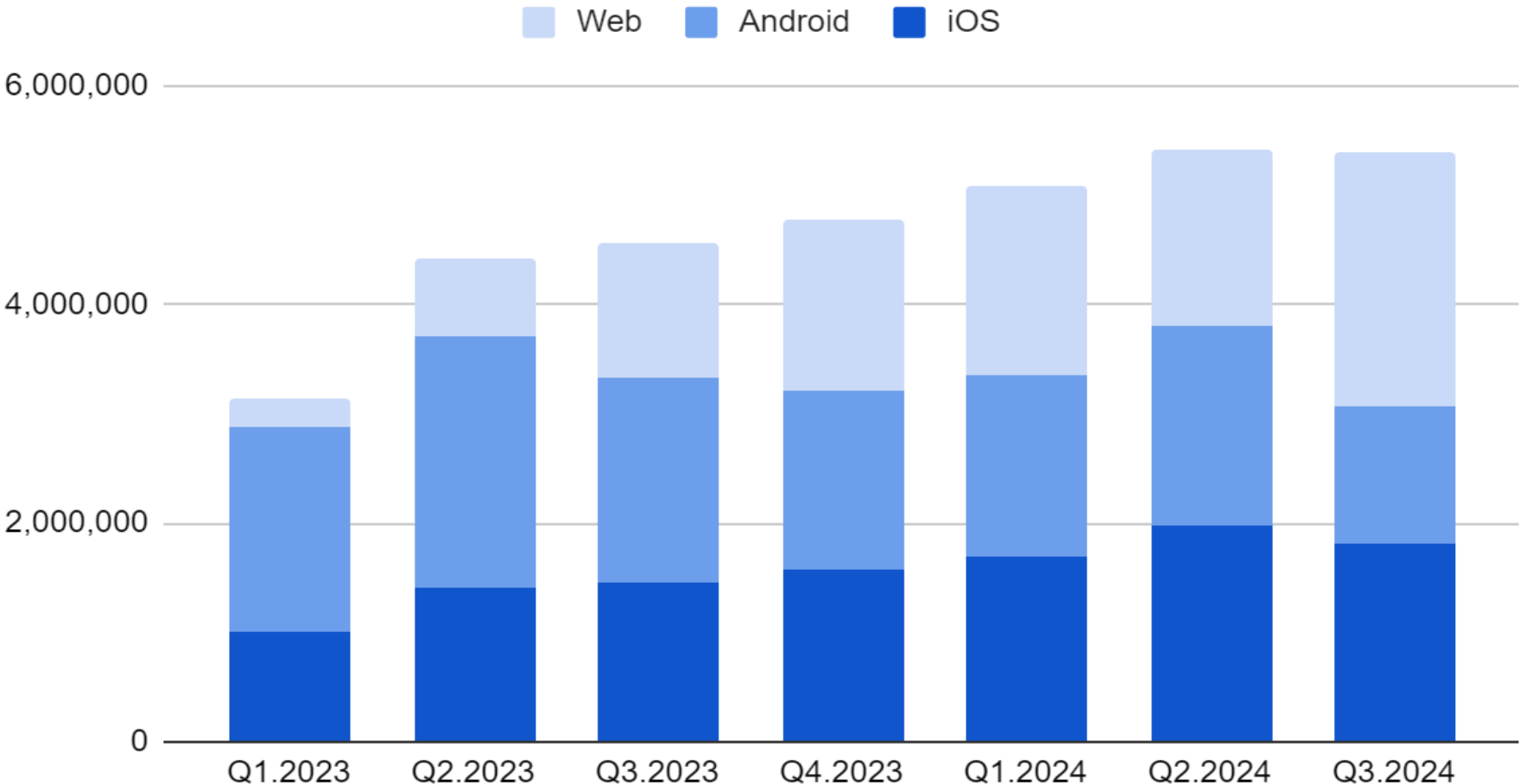


25 M+

Total Downloads

Country Highest Rank

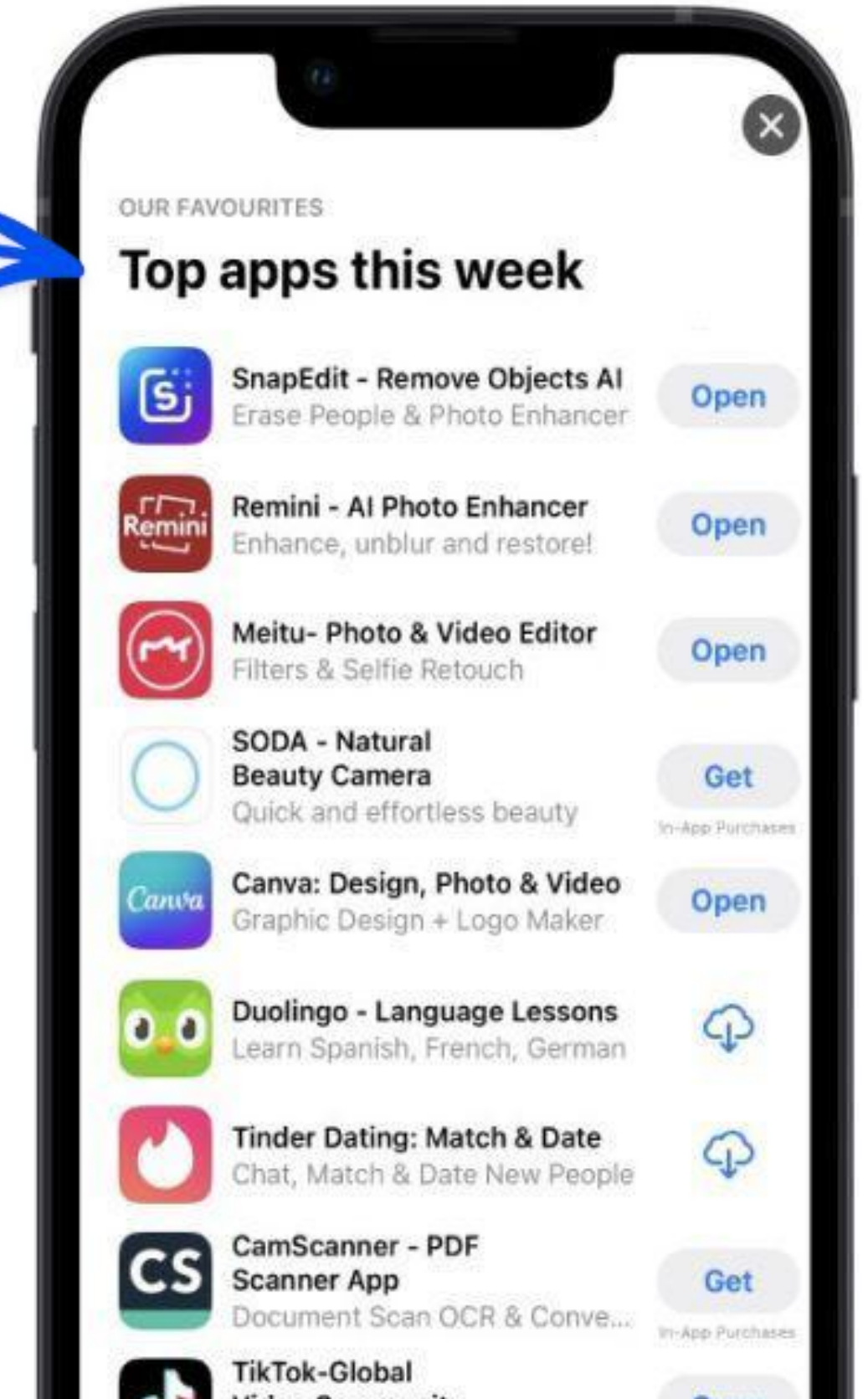
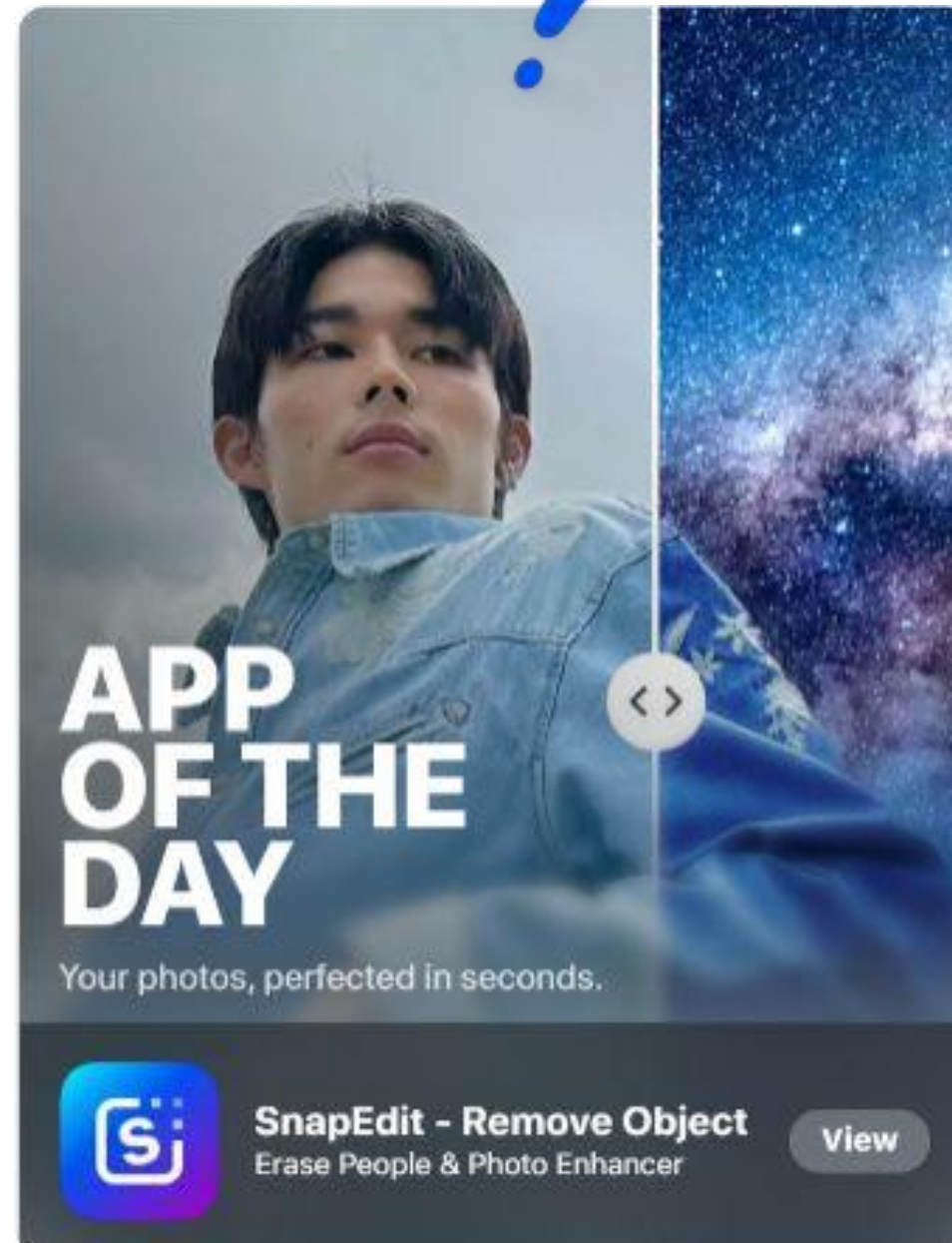
SnapEdit Monthly Active Users



SILVERAI ORIGIN & ACHIEVEMENTS

OUR ACHIEVEMENTS

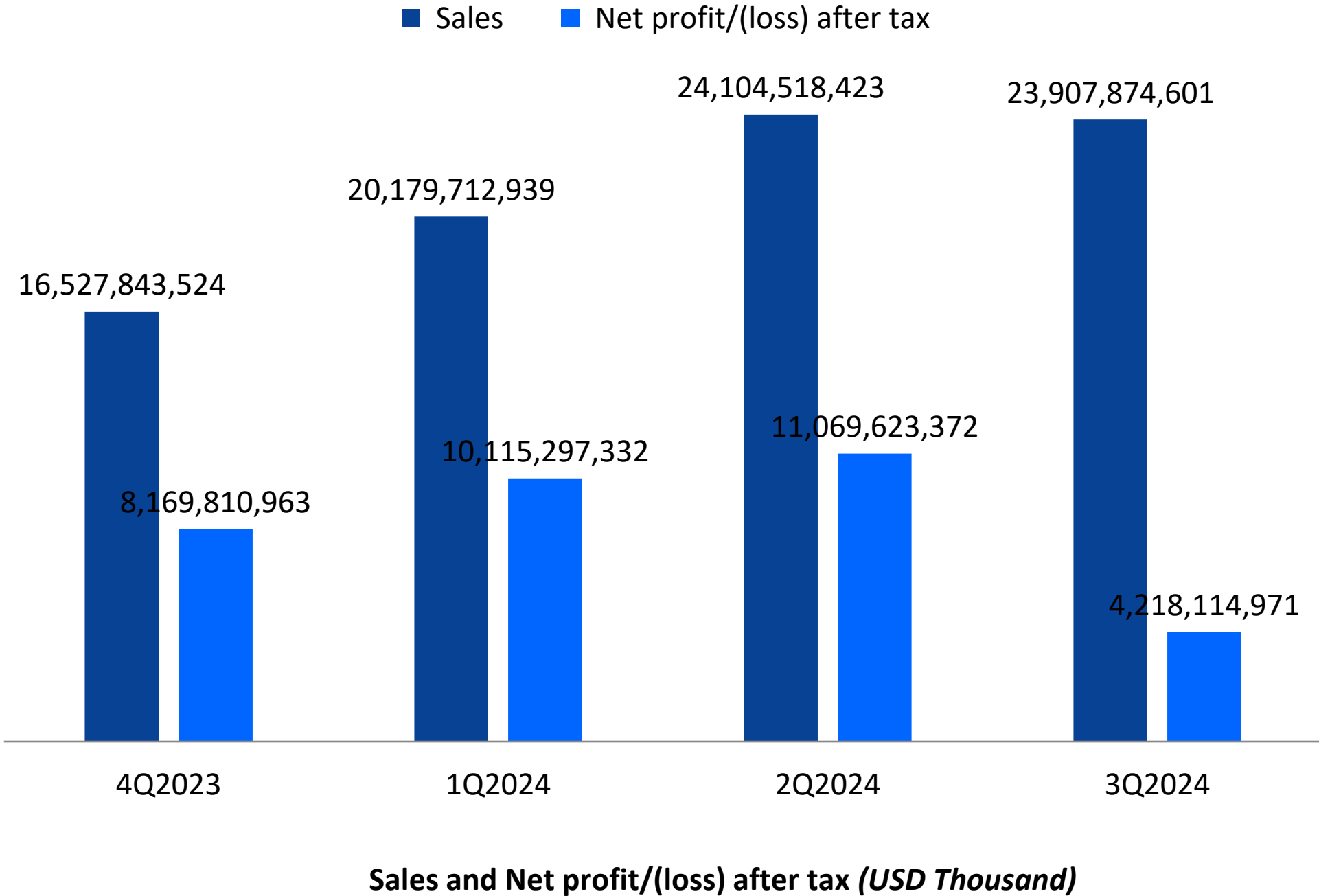
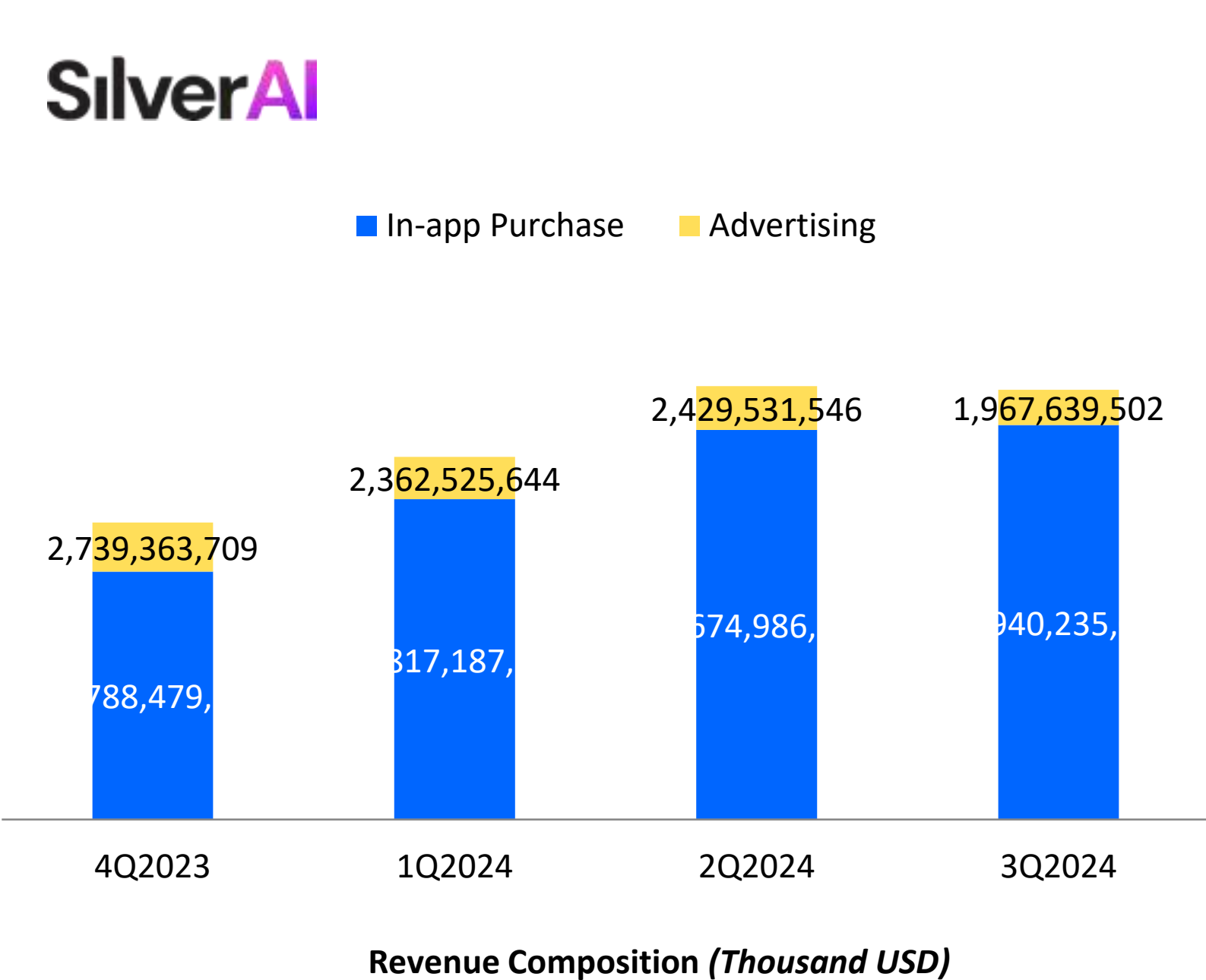
Memorable Milestones



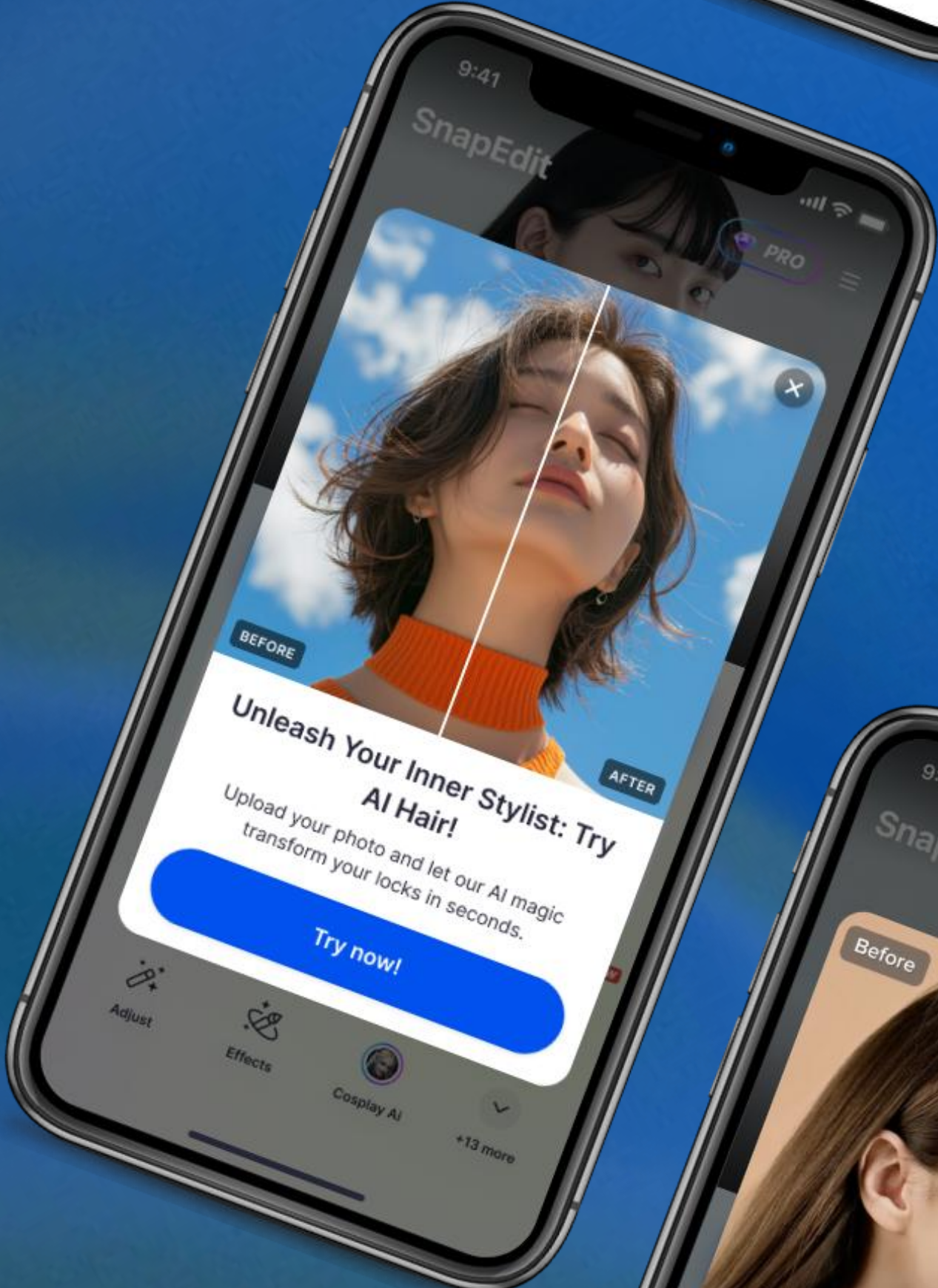
SILVERAI ORIGIN & ACHIEVEMENTS

OUR ACHIEVEMENTS

Memorable Milestones



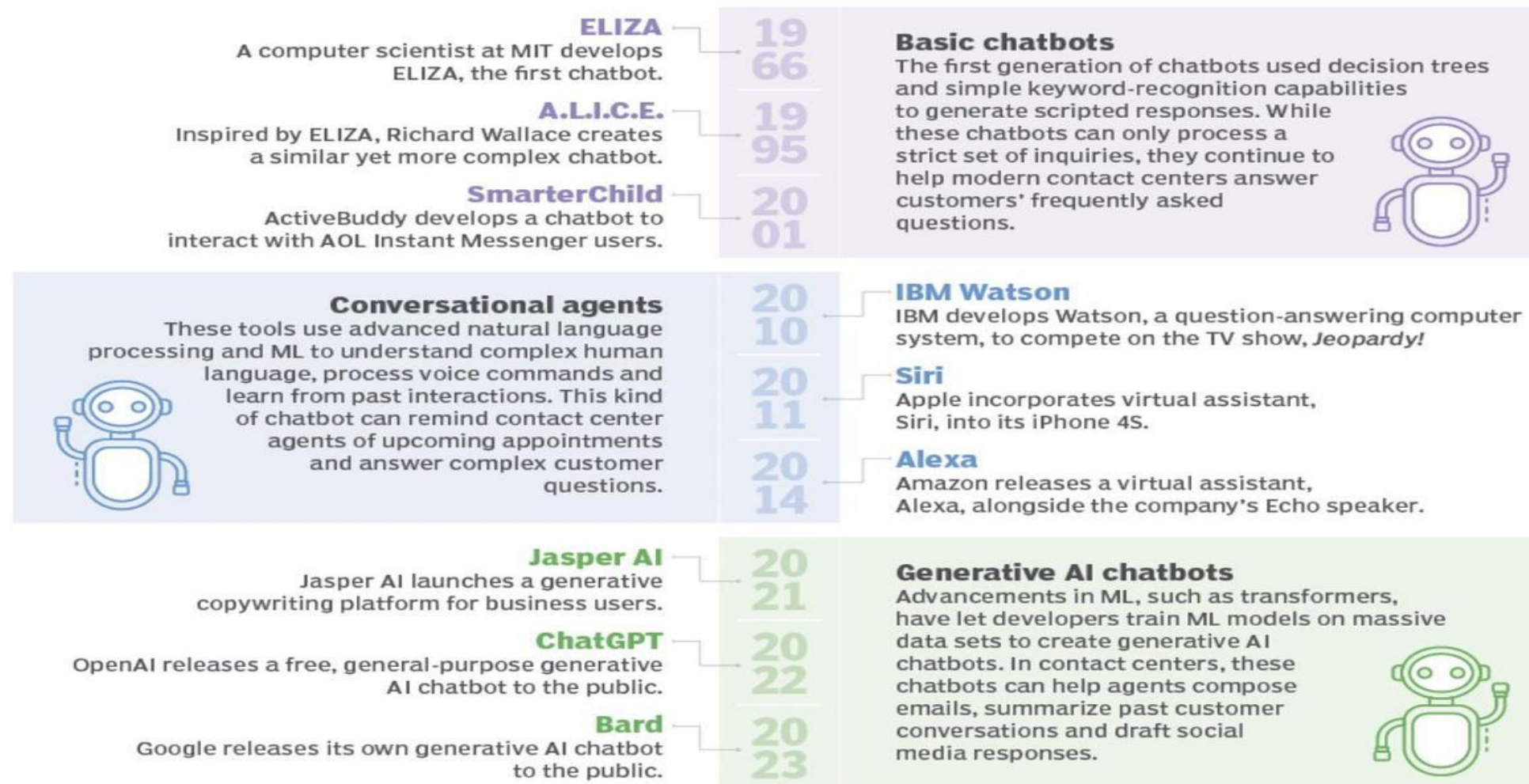
INDUSTRY UPDATE



Collage Revolut
Layouts made ea
Try now

INDUSTRY UPDATE A NEW ERA BEGINS WITH OPENAI'S RELEASE OF CHATGPT

Generative AI and other foundation models are changing the AI game...

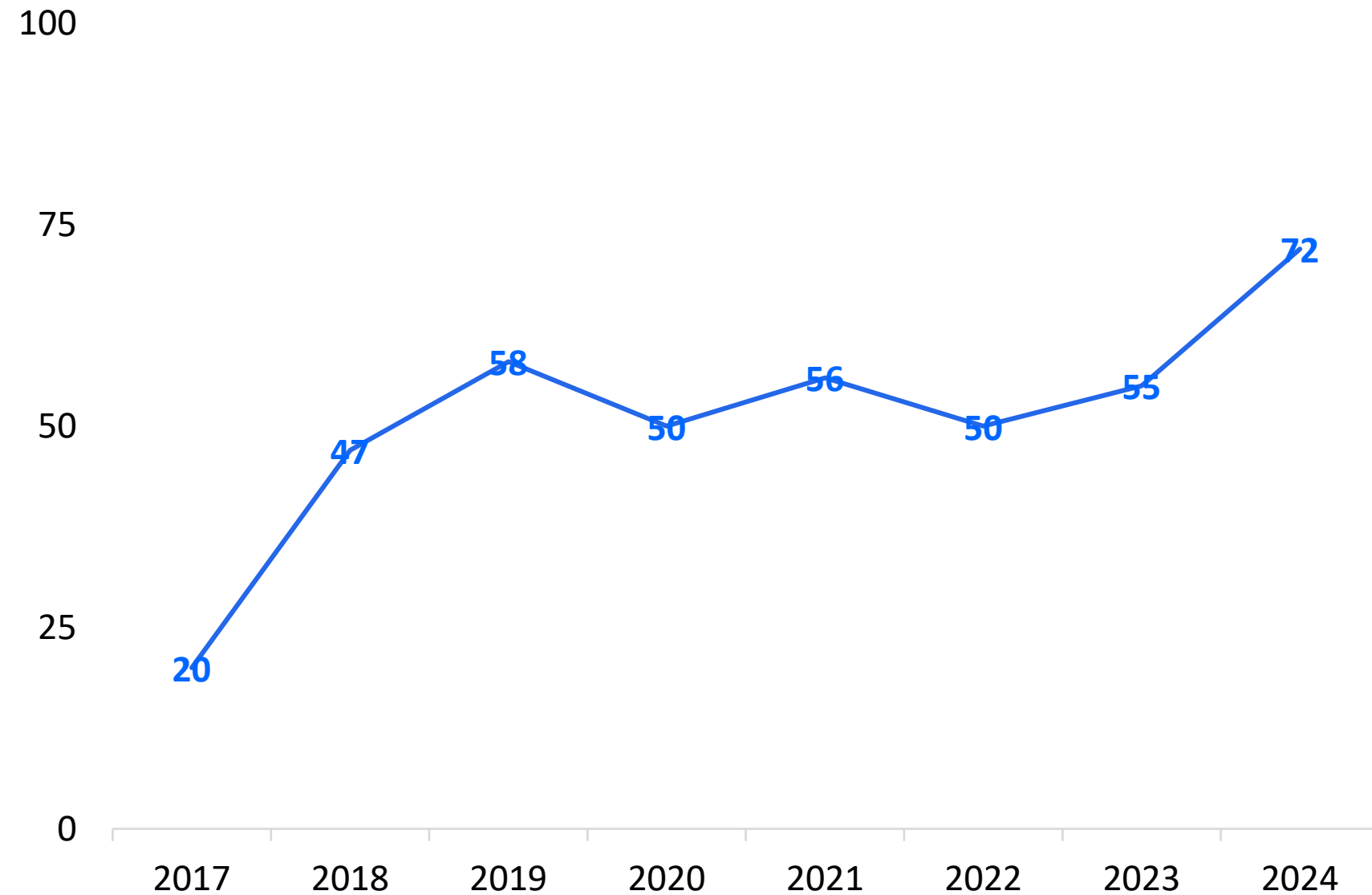


- Taking Assistive Technology to a New Level
- Reducing Application Development Time
- Empowering Nontechnical Users

Since OpenAI launched ChatGPT in late 2022, it has marked a significant turning point in the field of Generative AI. With its ability to generate natural and coherent responses, ChatGPT attracted over a million users within the first week. This technology not only facilitates content creation but has also been widely adopted in sectors such as education, healthcare, and marketing. Consequently, it has ushered in a new revolution in the AI industry worldwide, transforming how we interact with technology and each other.

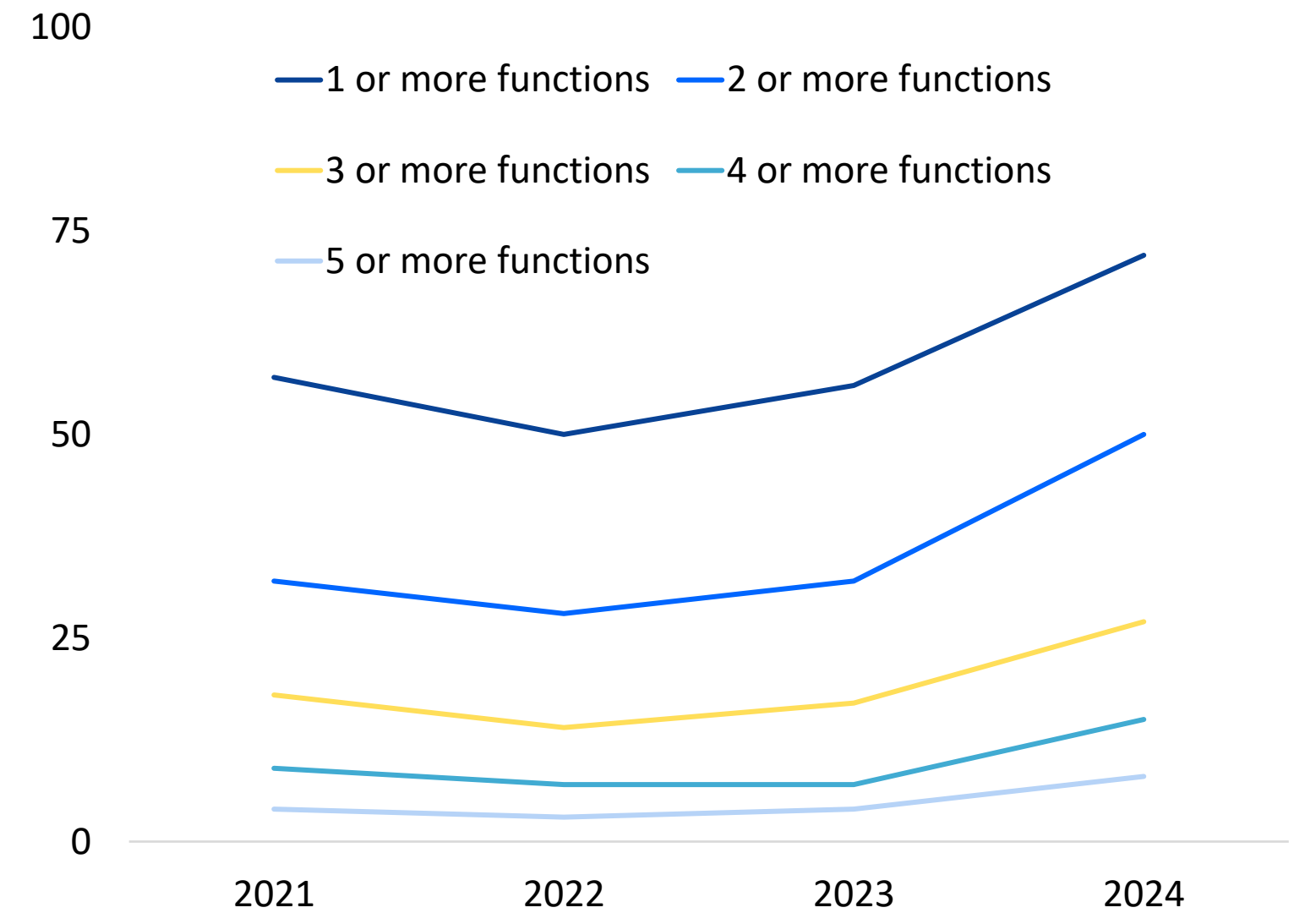
INDUSTRY UPDATE GENERATIVE AI ADOPTION HAS DRAMATICALLY CHANGED THE NATURE OF BUSINESS

AI adoption worldwide has increased dramatically in the past year, after years of little meaningful change...



**Organizations that have adopted AI in at least 1 business function
(% of respondents)**

Source: McKinsey, Feb 22 – Mar 5, 2024



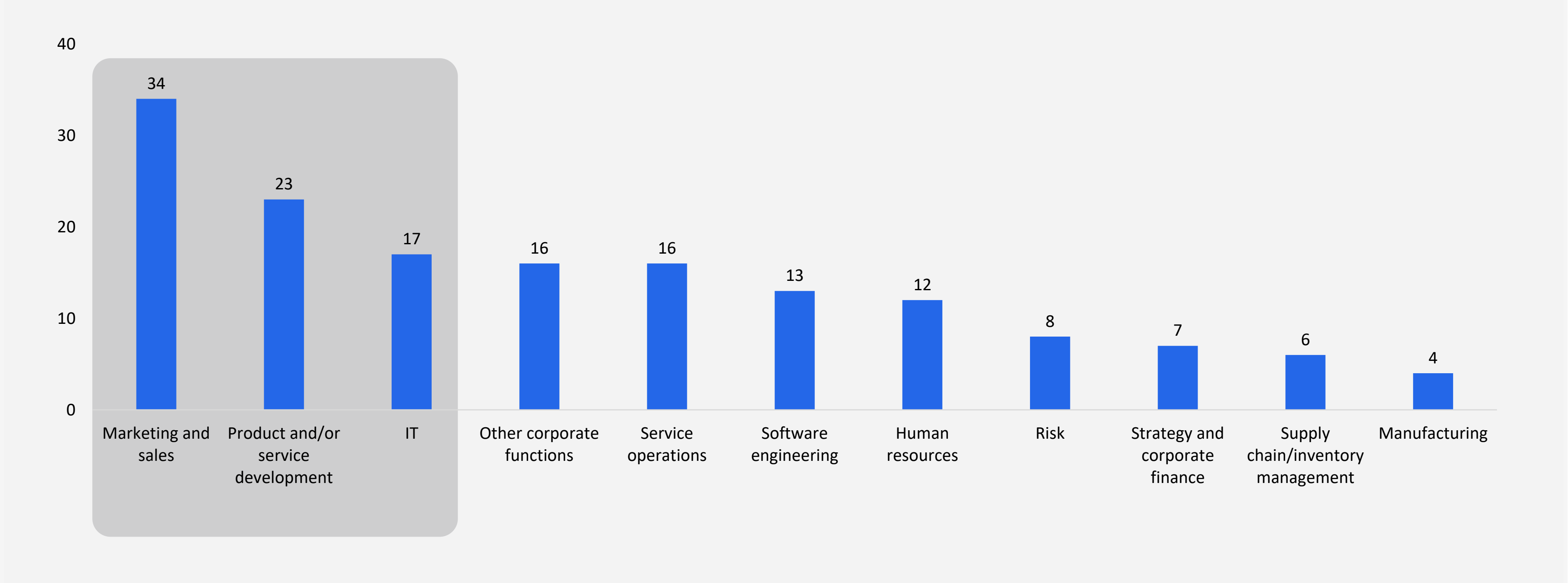
Business functions at respondent's organizations that have adopted AI (% of respondents)

Source: McKinsey, Feb 22 – Mar 5, 2024

➤ With half of respondents say their organizations have adopted AI in two or more business functions, up from less than a third of respondents in 2023.

INDUSTRY UPDATE WITH A FOCUS ON SOME KEY TRENDS...

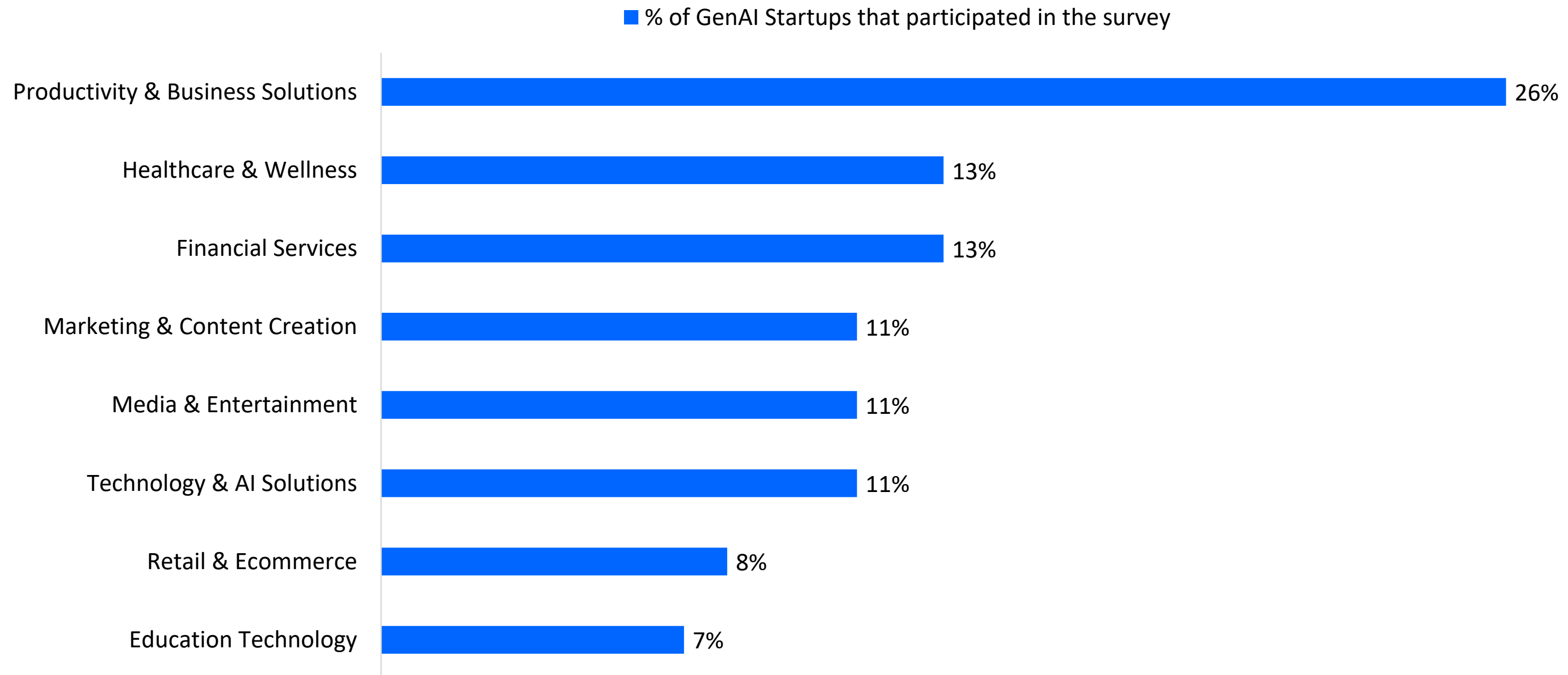
Respondents frequently indicate that generative AI is most commonly adopted in their marketing and sales, product and service development, and IT functions.



Respondents' organizations regularly using generative AI (gen AI), by function (% of respondents)

INDUSTRY UPDATE WITH A FOCUS ON SOME KEY TRENDS...

According to GenAI Fund, ASEAN GenAI startup ecosystem is rapidly evolving, leading by Singapore and Vietnam. These startups mainly concentrate on specific industry sectors...

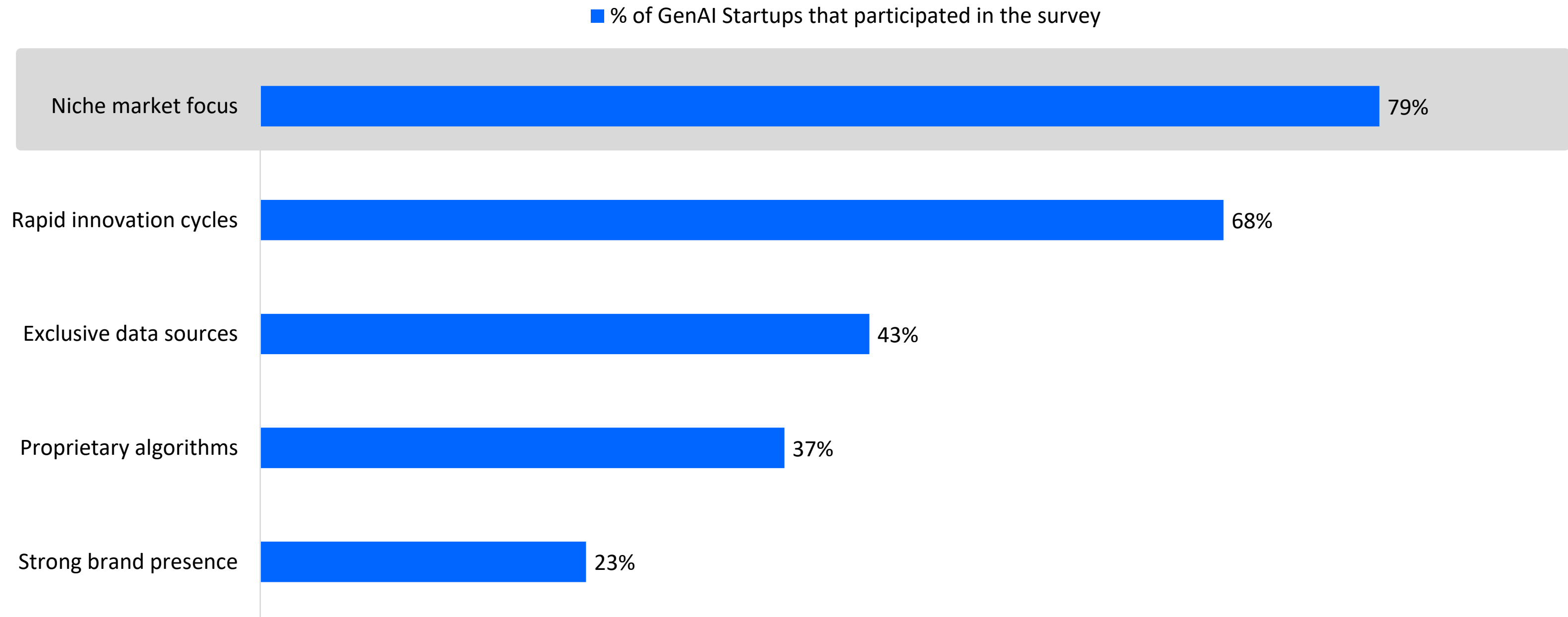


PRIMARY SECTORS FOR ASEAN GENAI STARTUPS

Source: GenAI Fund 2024

INDUSTRY UPDATE STARTUP SECRET SAUCE IN A RAPIDLY MULTI-DIRECTIONAL GROWING INDUSTRY

Focusing on niche market potentially creates economic moat against big tech...



HOW STARTUPS CREATE MOAT AGAINST BIG TECH

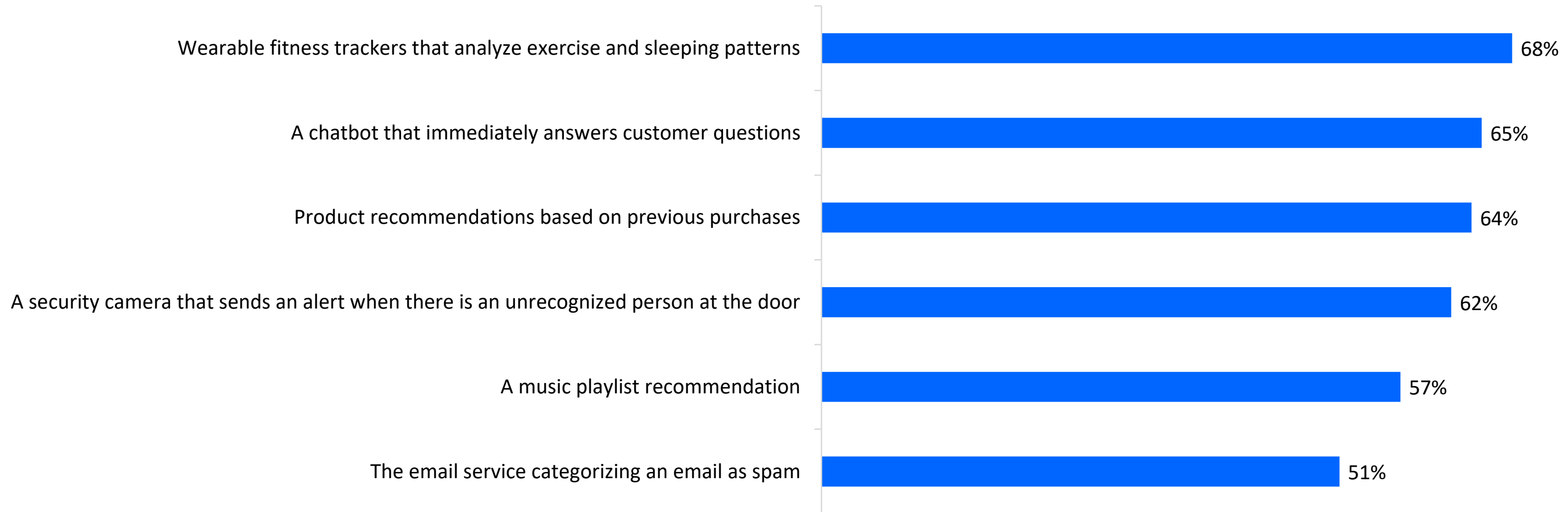
Source: GenAI Fund 2024

➤ Focusing on specific use cases, allowing for more accurate output.

➤ Growing before being dominated by big tech.

INDUSTRY UPDATE AI BECOMING REGULAR IN DAILY LIFE, SOLVING SPECIFIC BUT SIMPLE USE CASES

In surveys with American by Pew Research, many people are found to not be aware of encountering AI in daily life, most of which come from simple needs...



% OF US ADULTS WHO IDENTIFY THAT THE FOLLOWING USE ARTIFICIAL INTELLIGENCE IN MULTIPLE-CHOICE QUESTIONS

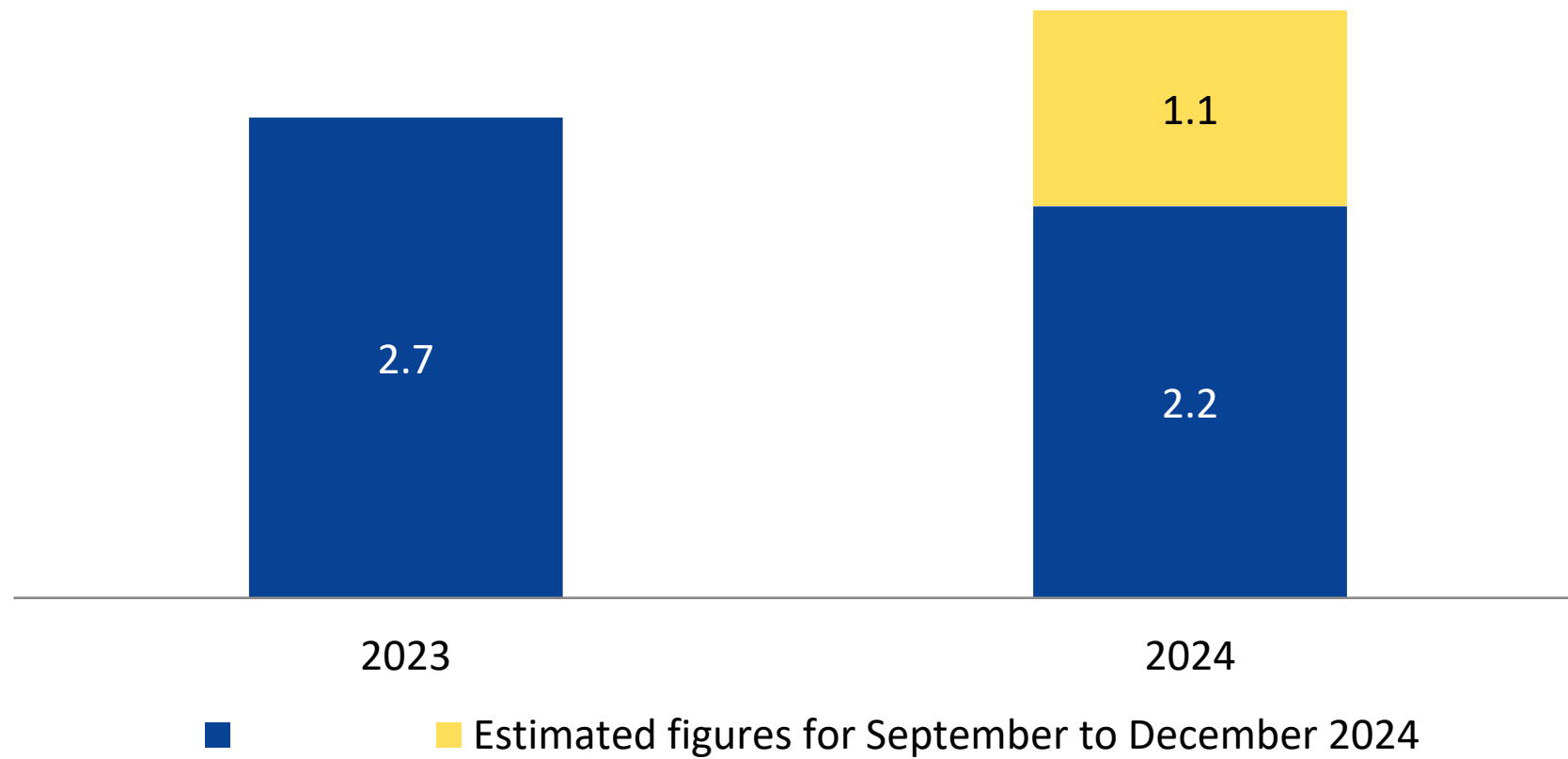
Source: Pew Research 2024

➤ These simple needs does not require Generative AI, but just need a AI-compatible smartphones and AI-in apps, solving specific use cases for each requirements.

➤ Frank et al. (2023) found that consumer trust in a company boosts AI adoption, with AI-in apps enhancing trust through wide access.

INDUSTRY UPDATE GROWING DEMAND FOR USING AI SOLVING DAILY USE-CASE

By enhancing task processing quality, this trend is driving the rise of AI applications, reflecting a growing demand for practical solutions that improve daily efficiency.



AI App Global Downloads Trends from 2023 to 2024 (billions)

Source: Sensor Tower Store Intelligence

Between January and August 2024, global AI app downloads have already exceeded 2.2 billion. Total downloads for the year are projected to surpass 3.3 billion (+26% YoY).



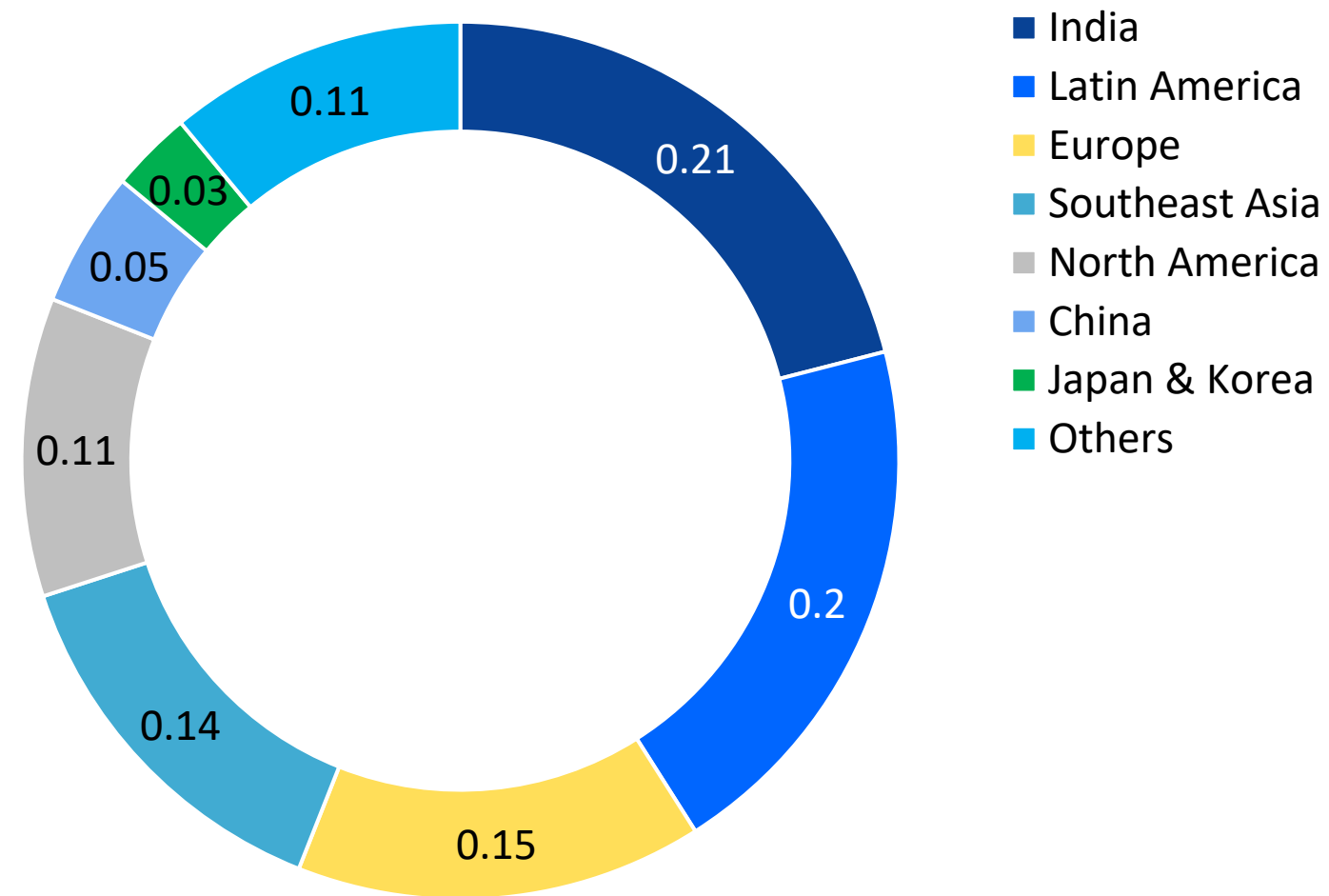
Source: Sensor Tower Store Intelligence

Chatbots and image editing applications accounted for nearly the entire list of the top 30 AI apps based on global downloads up to August 2024.

INDUSTRY UPDATE NA & EUROPE ACCOUNT FOR NEARLY 68% OF TOTAL GLOBAL AI APP REVENUE

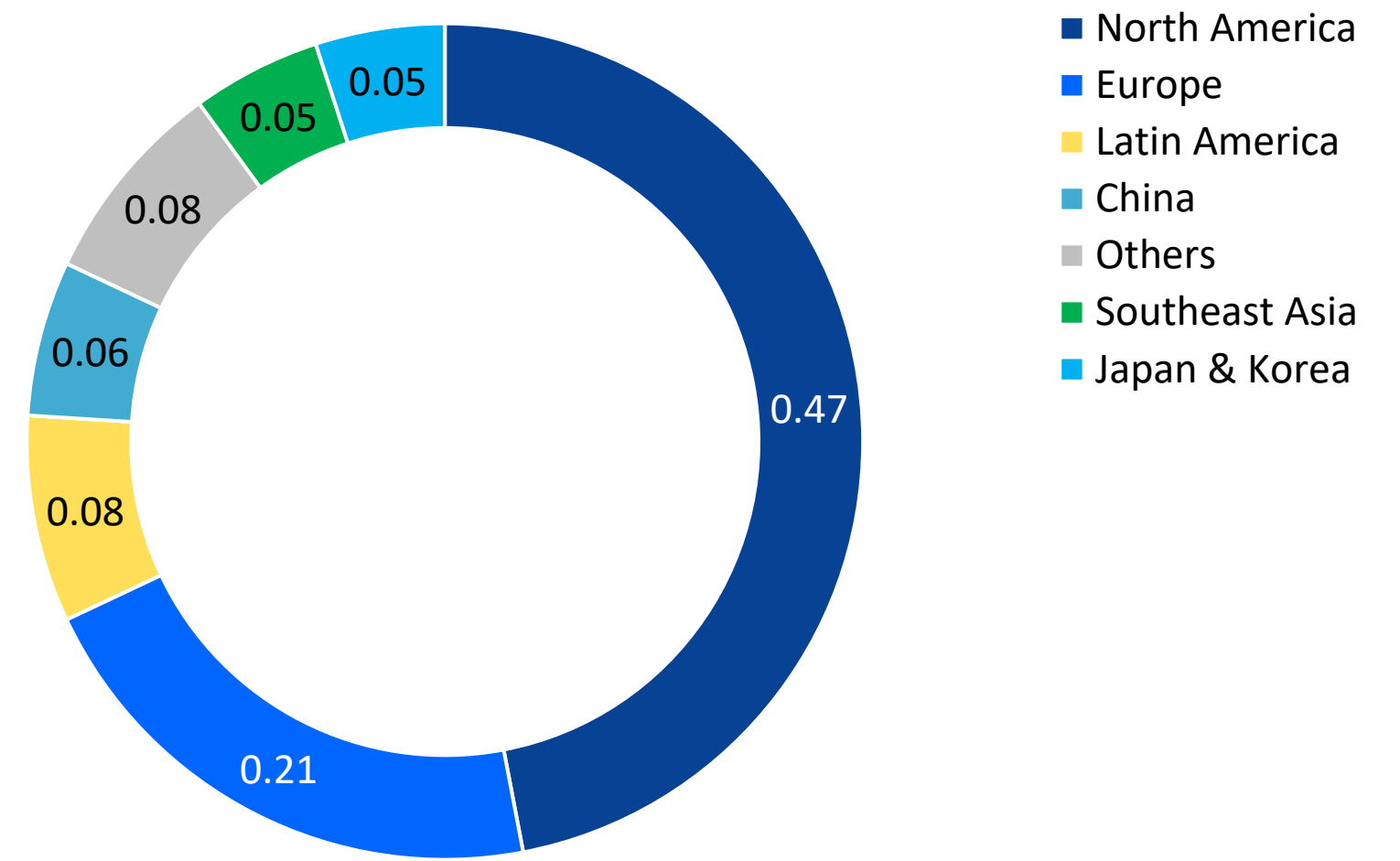
In terms of downloads, AI apps have been adopted worldwide. India emerged as the largest market for AI app downloads in 2024, contributing 21% of total downloads. Latin America, Europe, and Southeast Asia followed with 20%, 15%, and 14% shares, respectively.

North America and Europe continue to dominate AI app revenues, accounting for 47% and 21% of total revenue between January and August 2024, respectively. The North American market, contributing 47%, remains the top revenue generator for AI apps globally.



Downloads Distribution of the Top 50 AI Apps Worldwide by Region
(January - August 2024)

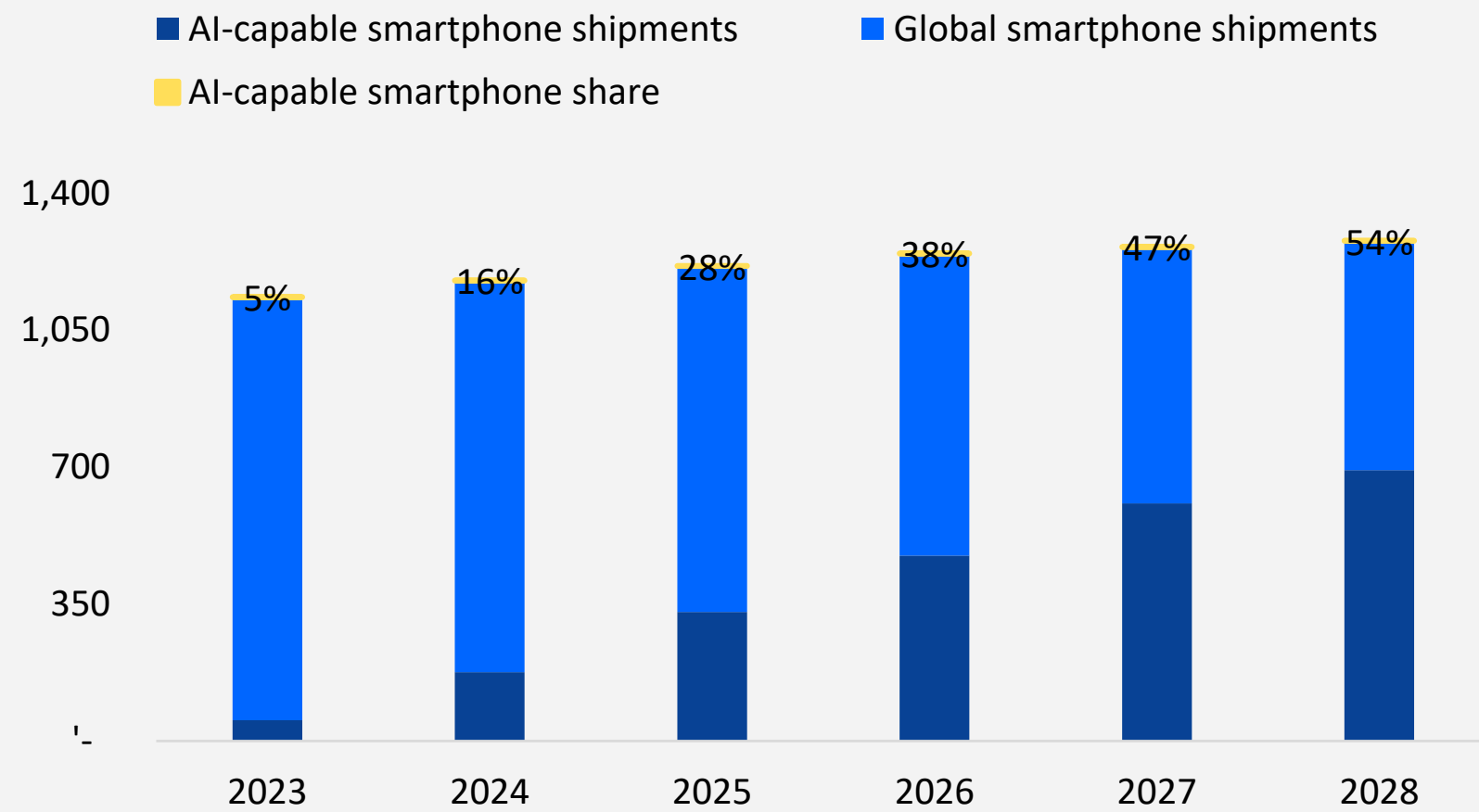
Source: Sensor Tower Store Intelligence



Revenue Distribution of the Top 50 AI Apps Worldwide by Region
(January - August 2024)

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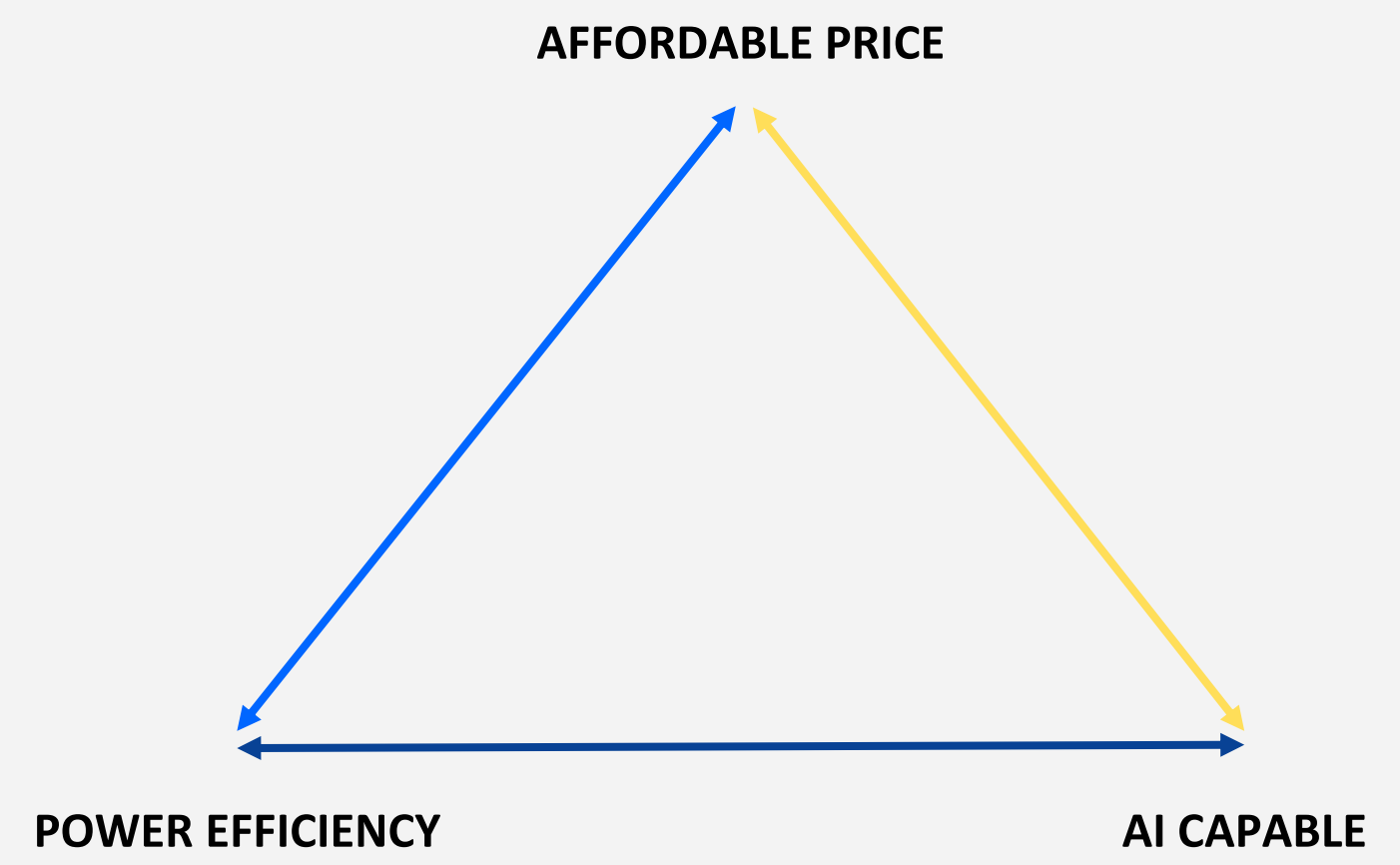
INDUSTRY UPDATE AI-CAPABLE SMARTPHONES ARE GROWING, YET AI-IN-APP STILL PLAYS A VITAL ROLE



Global Smartphone Shipments (Millions)

Source: Canalys, May 2024

By 2025, 28% of new smartphones will be AI-capable, up from 16% in 2024, driven by Samsung, Google, and Apple through AI integration, chipset advancements, and rising consumer demand for AI agents.



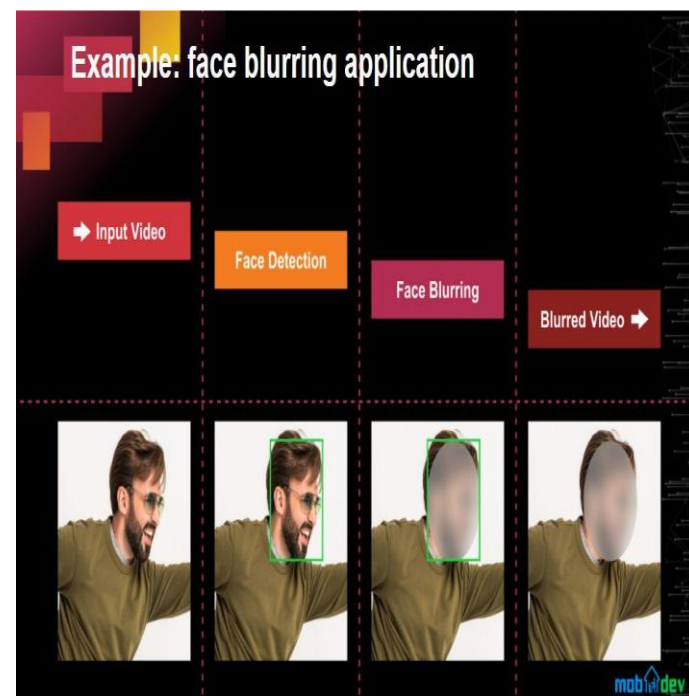
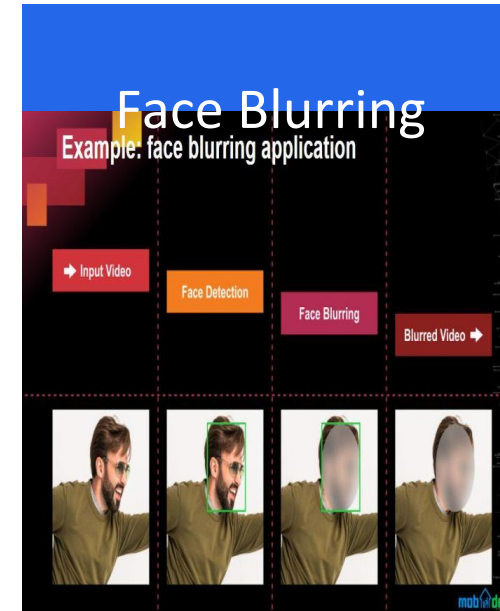
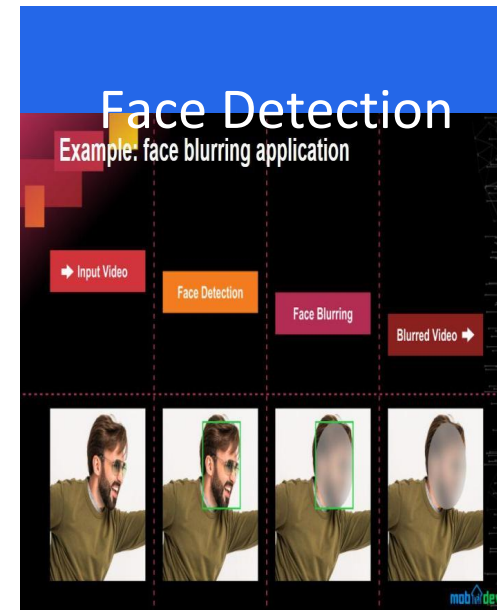
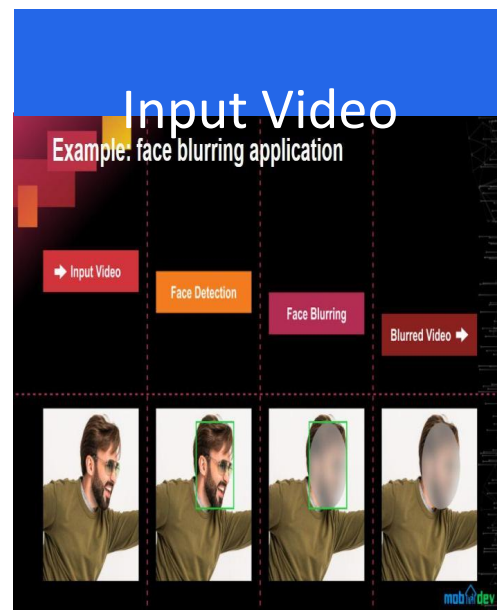
Impossible Trinity of AI-capable Smartphones

The challenge for AI-capable smartphones is that consumers must pay a higher price for better performance and battery life. Without NPUs, AI features, performance, and battery life are compromised.

➤ **AI-in app solves the problem**

INDUSTRY UPDATE ANY SMARTPHONE CAN EDIT AND BLUR PHOTOS, BUT AI ENABLES REAL-TIME EDITING

REAL-TIME IMAGE PROCESSING



Smartphones are increasingly equipped with AI driven cameras that enhance photography through features like real-time image processing and personalized editing options. This allows users to capture stunning photos with minimal effort, revolutionizing mobile photography

Source: MobiDev

PERSONALIZED EDITING OPTIONS



Source: Photo Editor

PRODUCT UPDATE



PRODUCT UPDATE 2024

Sep

Light AI: Adjusts warm and cool tones in photos.

AI Skin: Enhanced skin whitening & clarity for finer details (eyebrows, eyelashes, eyes, hair edges).

Slideshow Maker

Aug

Passport Maker V2

Photo Collage

Detach Object



July

Add Frame

Add Text & Sticker

Passport Photo

SnapBrush

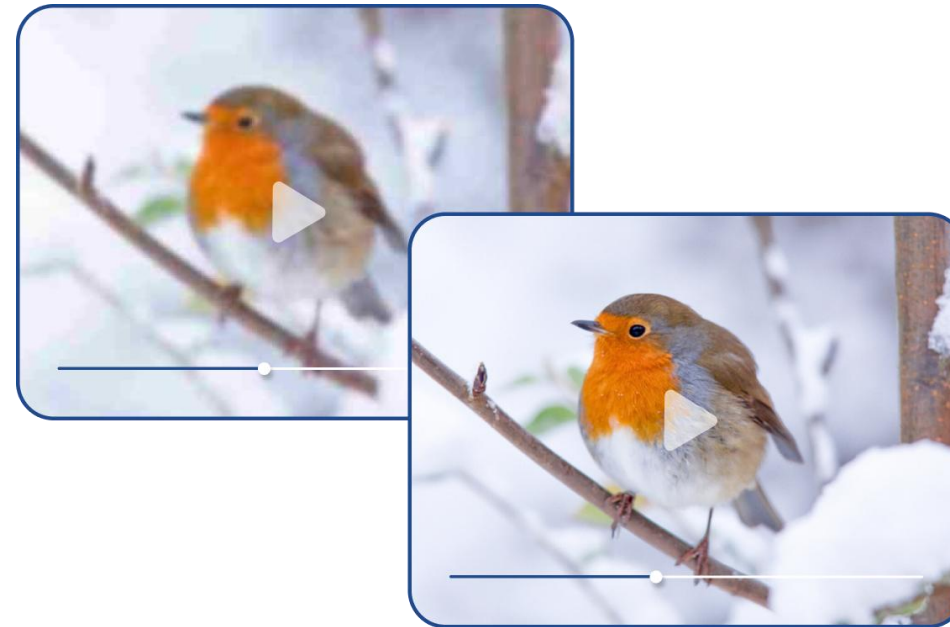


April

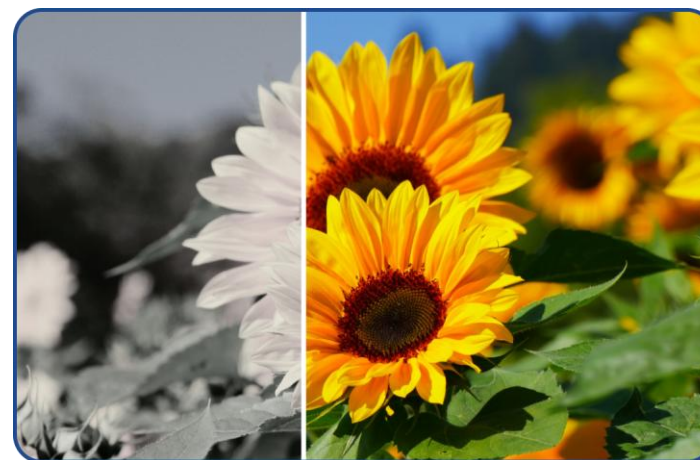
Video Enhancer

Oct

Video Enhancer: Increased processing speed by 1.5x for 2K videos.



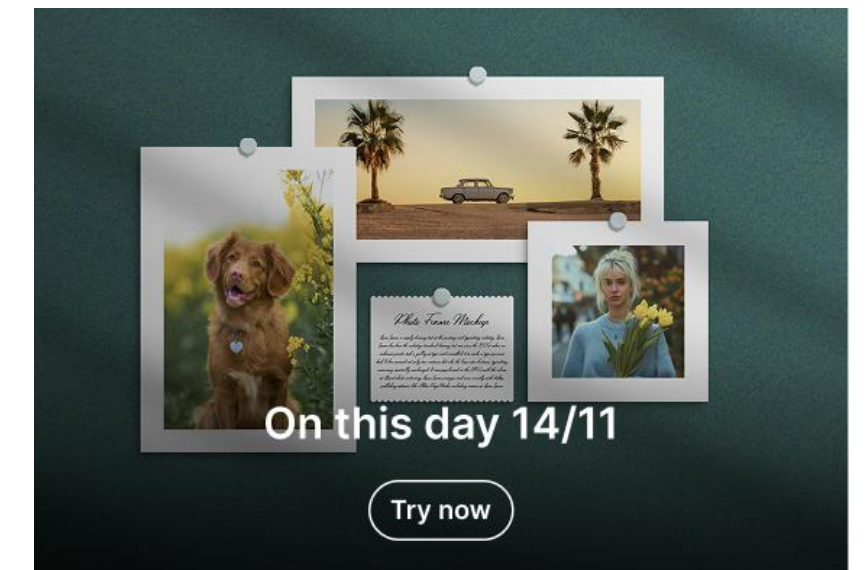
Colorization: Adds vibrant colors to black-and-white photos.



Preview Pro Assets: Get a sneak peek at our Pro features before upgrading.

Nov

On This Day Feature: Curated photo collections from past years. Stunning templates for memorable moments.



Slideshow Maker Upgrade: Supports both photos and videos, with 50+ new templates.

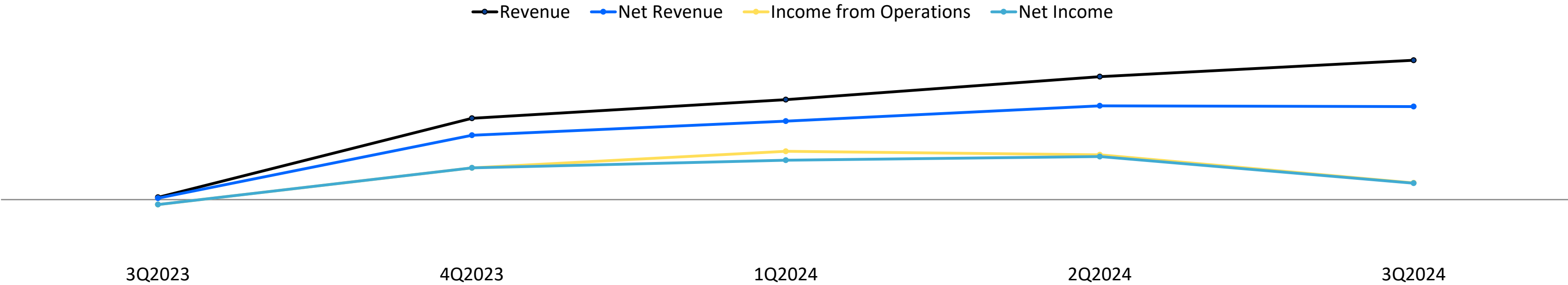


FINANCIAL UPDATE



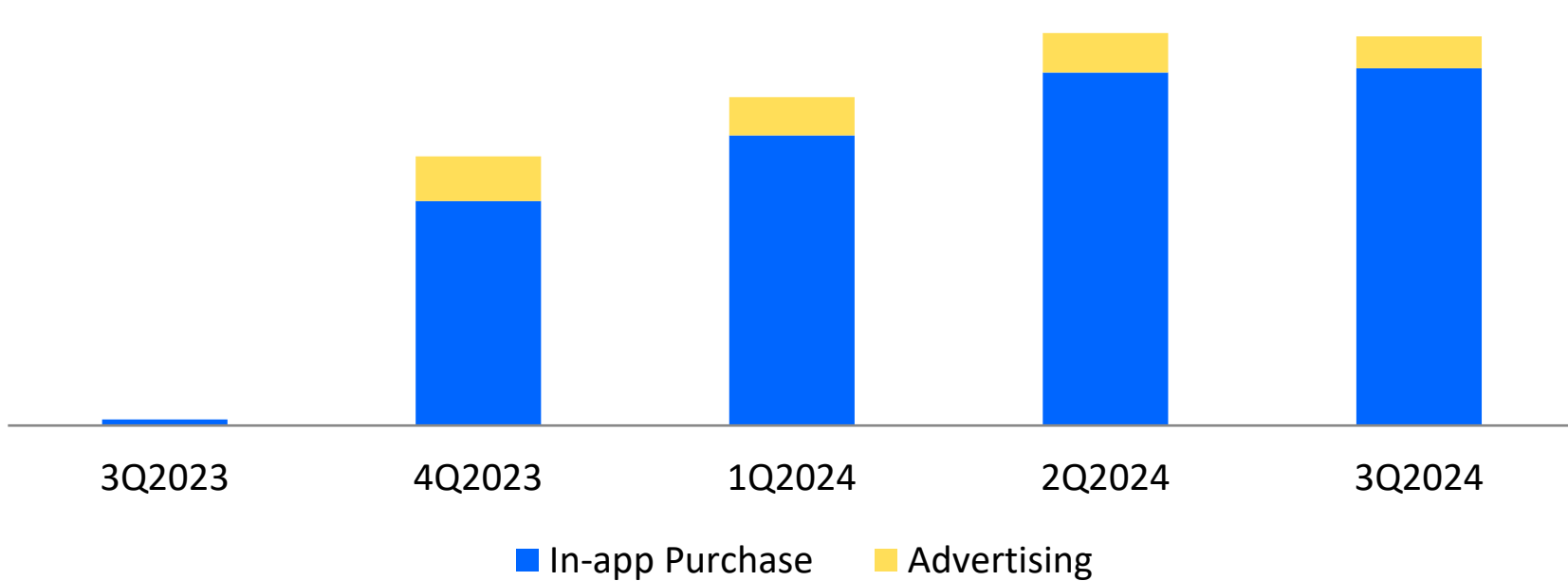
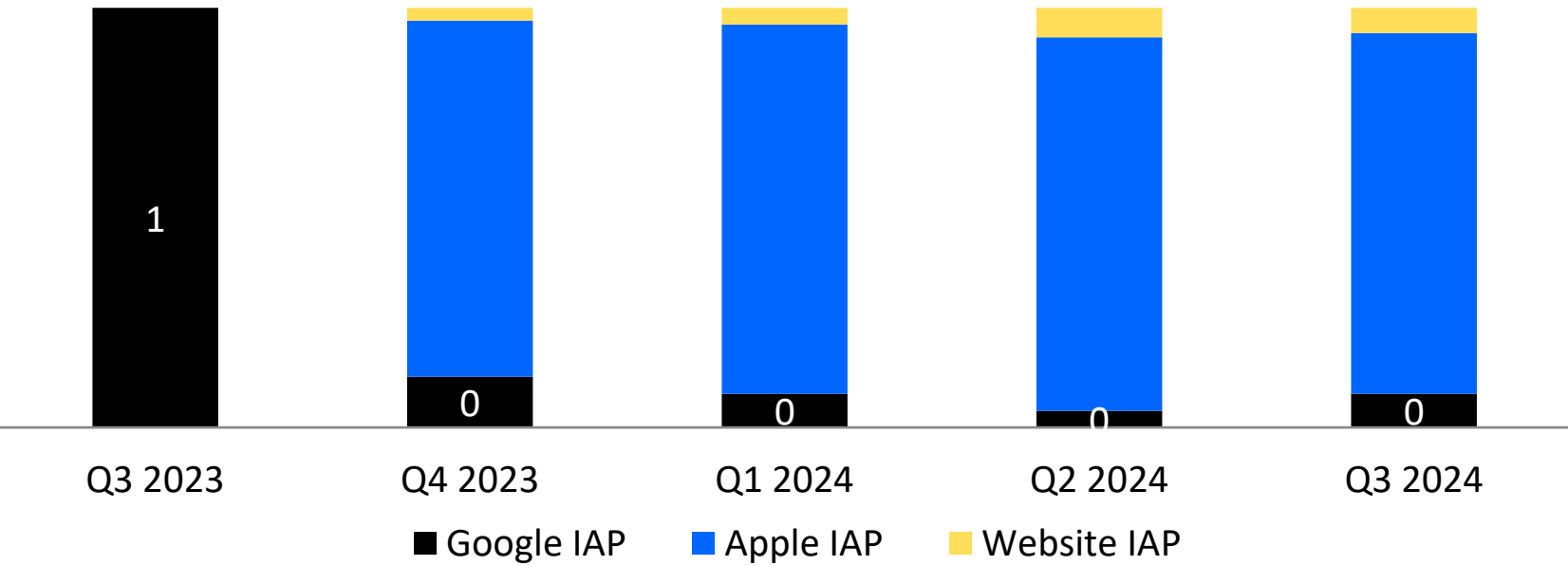
FINANCIAL UPDATE REVENUE GROWTH QoQ SURGING, EXPECTING TO MOVE FORWARD IN 2025

In Q3 2024, Gross Revenue rose to VND 35.8 billion despite economic challenges. However, Net Revenue was impacted by Apple Store’s fee hike for SilverAI from 15% to 30% and the removal of SilverAI from SMEs (companies earning under \$1M annually).



Revenue from the Apple Store dominates (~90%), while other markets show no significant spikes...

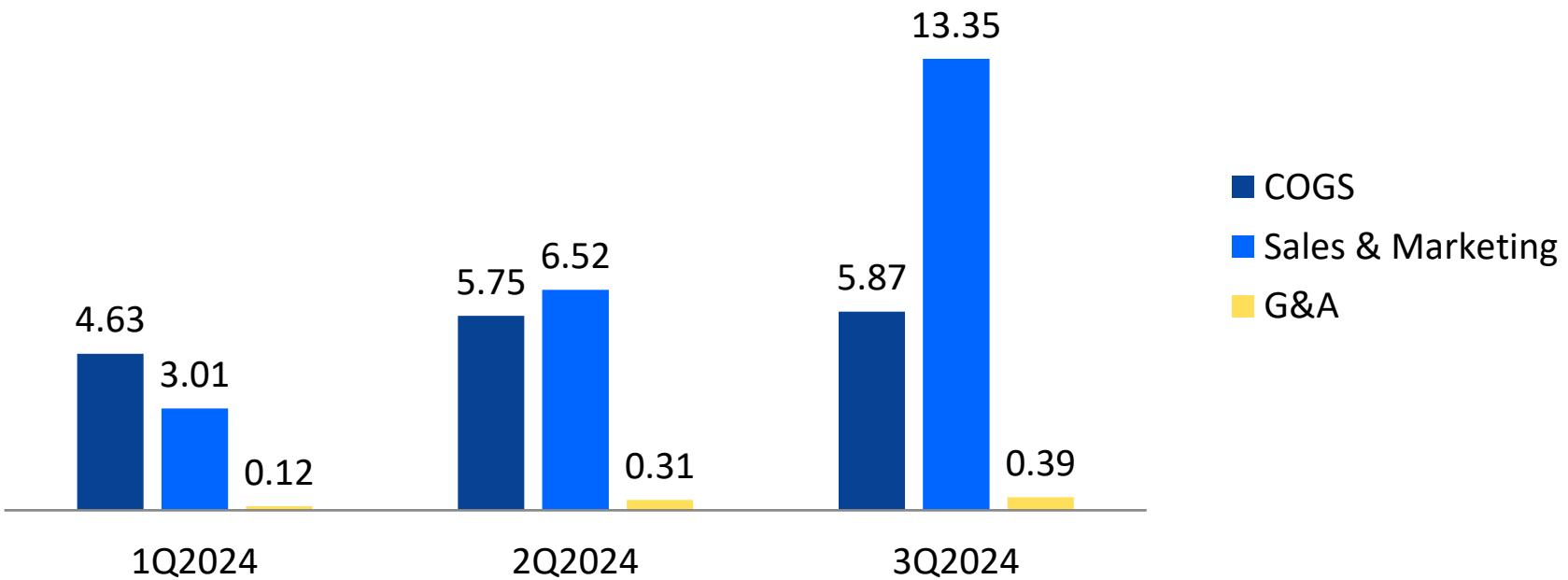
Revenue comes mainly from IAP, unlike competitors who rely on advertising, focusing on features and user experience.



Revenue Contribution by Platforms (VND Billion)

Revenue Contribution by Sources (VND Billion)

FINANCIAL UPDATE MARKETING BUDGET: EXPANDING FOR LONG-TERM EFFECTIVENESS



SilverAI's Cost Breakdown (VND Billion)

➤ The marketing results obtained from various platforms show certain discrepancies; however, in the key market of the Apple Store, the outcomes remained positive.

In Q3, we enhanced our marketing budget across multiple platforms to attract additional customers and engage those with lower budgets. This strategy aims to achieve two objectives: (1) expanding our user base while (2) simultaneously testing effective advertising strategies in anticipation of the next optimal opportunity for increased investment.

➤ Revenue may lag behind investment due to industry's characteristics.

In Q4, we will adjust marketing budget to ensure robust cash flow and stabilize profit margins, ensuring **Rule of 40** for SaaS companies.

RULE OF 40		
3 Quarter Average Revenue Growth	+	3 Quarter Average EBITDA Margin = Total
13.6%		45.6% = 59.2%



5.78M Product Page View, peaked in August but easing in September...

FINANCIAL UPDATE SEA GENERATED THE MOST REVENUE, HUGE POTENTIAL IN DEVELOPED MARKET

Developing Country	Population (mil ppl)	GDP per capita (current \$)	% Rev at Q3.2024	SilverAI user at Q3.2024
Vietnam	98.19	4,346.7	22.9%	30%
Thailand	71.70	7,171.8	21.7%	13.7%
Indonesia	275.50	4,940.6	7.6%	8.8%
Malaysia	33.94	11,648.7	2.1%	3.5%
Türkiye	85.34	12,985.8	2%	0.48%
Mexico	127.5	11,496.5	1.6%	1.15%
Brazil	215.31	10,043.6	1.6%	1%
Developed Country				
USA	333.29	81,695.2	12.3%	3.8%
UK	66.97	48,866.6	1.8%	1.36%
Taiwan	23.90	65,746	7%	2.97%
Hongkong	7.35	50,696.6	1%	0.71%
Australia	26.01	65,099,9	1.12%	0.47%

FINANCIAL UPDATE MACROECONOMIC CONDITIONS FAVORABLE, INCOME EXPECTEC TO TURNAROUND

Developing Country	GDP per capita (current \$)	GDP Growth 2024F	Private Consumption 2024F	GDP Growth 2025F	Private Consumption 2025F
Vietnam	4,347	6.1%	5.3%	6.5%	5.9%
Thailand	7,172	2.4%	3.9%	2.8%	3.2%
Indonesia	4,941	5.1%	4.9%	5.1%	5.0%
Developed Country					
USA	81,695	2.40%	2.4%	2.60%	1.8%
UK	48,867	1.0%	0.9%	1.2%	2%

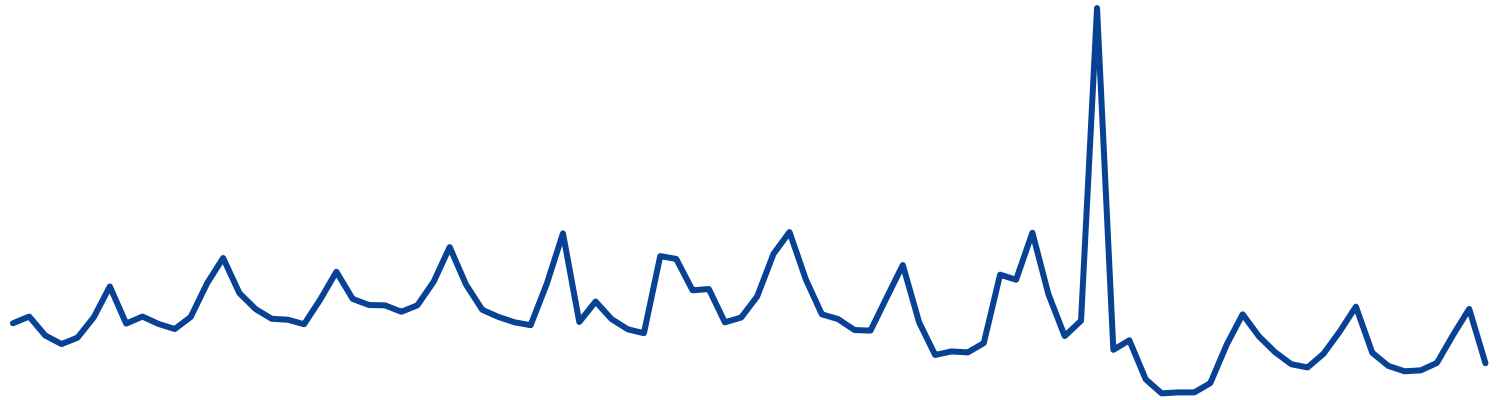
According to projections from IMF, World Bank and other financial institution, 2025 will witness recovery in macroeconomic conditions, especially in SEA, which is Snap Edit’s main market. Vietnam and Indonesia’s GDP are forecasted to maintain GDP growth in 2025, while private consumption of both countries are expected to turn around next year. This growth will continue to play a crucial role in driving revenue for SilverAI.

In contrast, developed markets like the United States are projected to experience slower growth, although they face lower recession risks. For SilverAI to strengthen its presence in these mature markets, it will need to implement an optimized strategy that deeply understands user insights and preferences specific to these regions.

FINANCIAL UPDATE KEY STATISTIC IN Q3.2024 APPLE STORE

~2.5M total Downloads through Apple Store, grew 6% QoQ.

\$777k total proceed Q3.2024 (+2% QoQ) - slowing down but not significant.



7/2028 7/2028 7/2028 7/2028 8/2028 8/2028 8/2028 9/2028 9/2028 9/2028 9/2028

7/2028 7/2028 7/2028 7/2028 8/2028 8/2028 8/2028 9/2028 9/2028 9/2028 9/2028

Proceeds per users: \$3.52 (+0.1% QoQ) on decreasing trend since Q1.2024, but has been offset thanks to total downloads.

Monthly Retention Rate

Apple Store Rating

2.46% at the end of July
2.43% at the end of August

4.9 ★
Out of 5

2.28% at the end of September



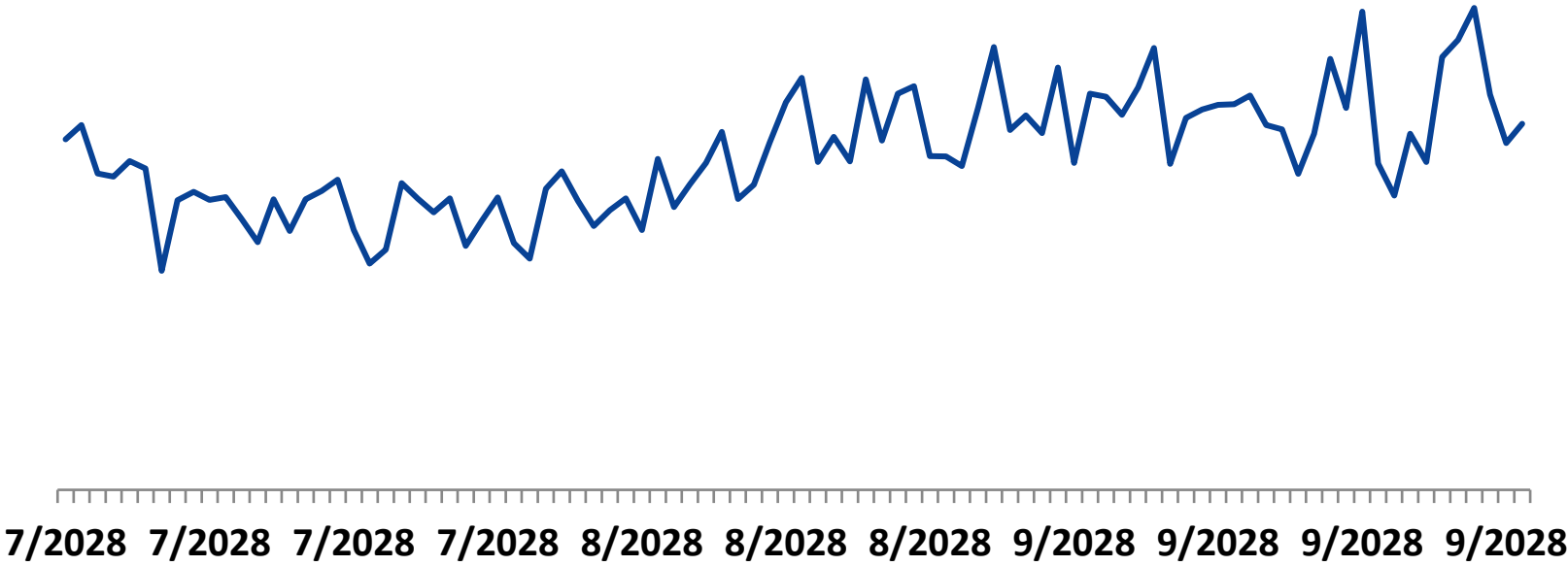
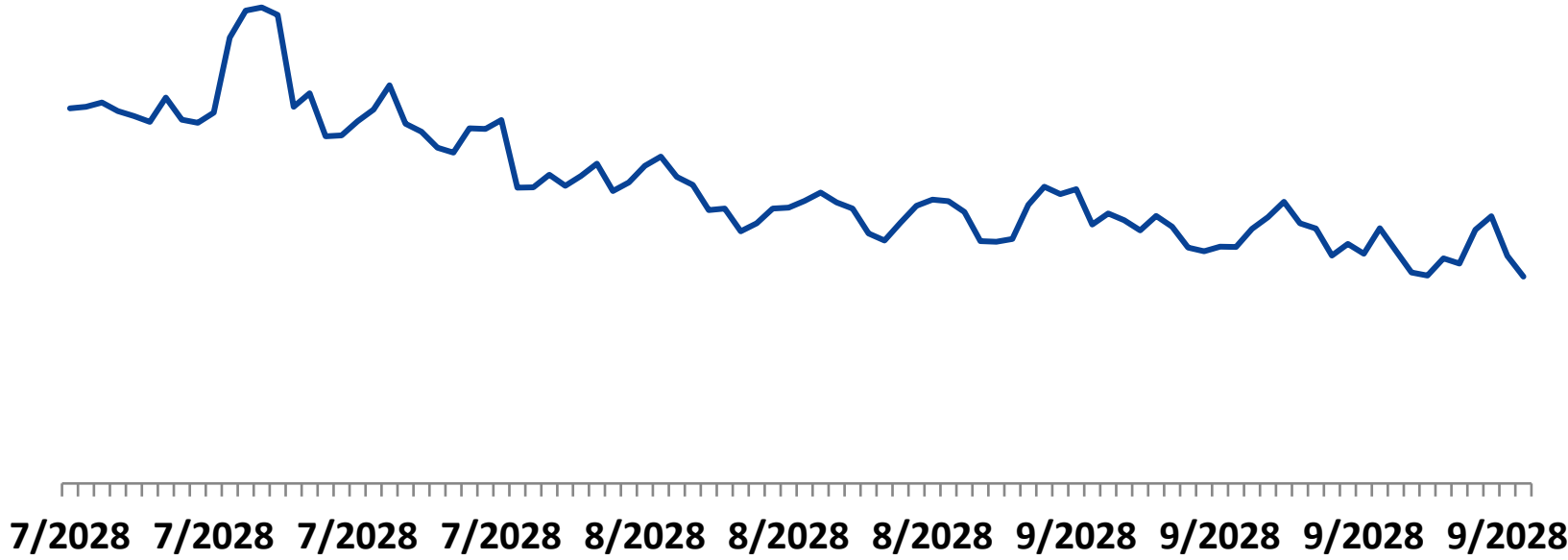
7/2028 7/2028 7/2028 8/2028 8/2028 8/2028 8/2028 9/2028 9/2028 9/2028

* Daily Retention Rate: the percentage of users that first installed the app on the first day of the month and used in the following days.

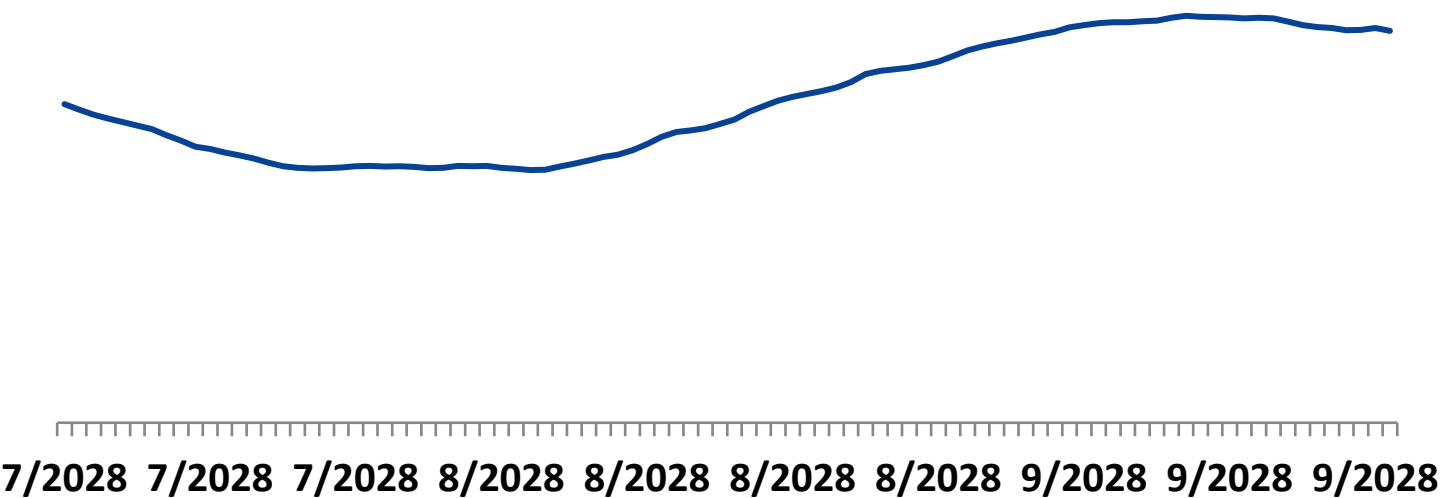
FINANCIAL UPDATE KEY STATISTIC IN Q3.2024 CH PLAY

~1.9M downloads, 83% from ads, referral and direct searching: sharply declined, indicating weak demand.

\$87,380 total proceed Q3.2024 (+9.4% QoQ): slow growth but sustainable.



48.896 subscriptions (+1% Qoq): slightly increased, but insufficient to offset declining downloads...

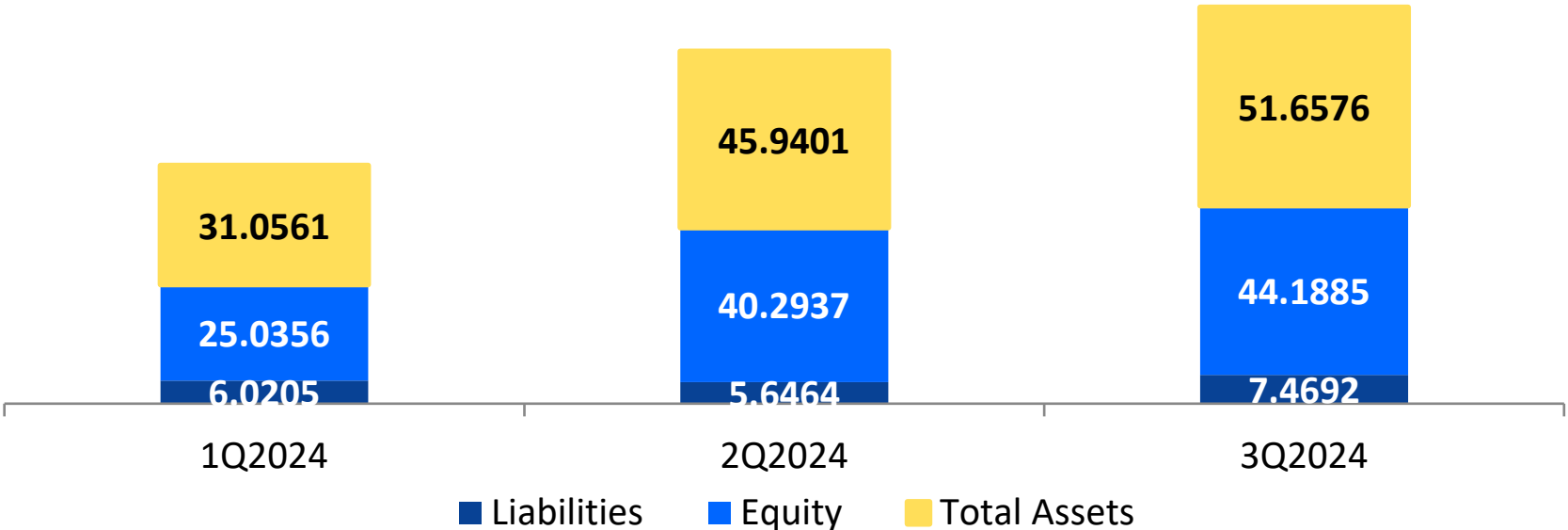


CH Play Rating

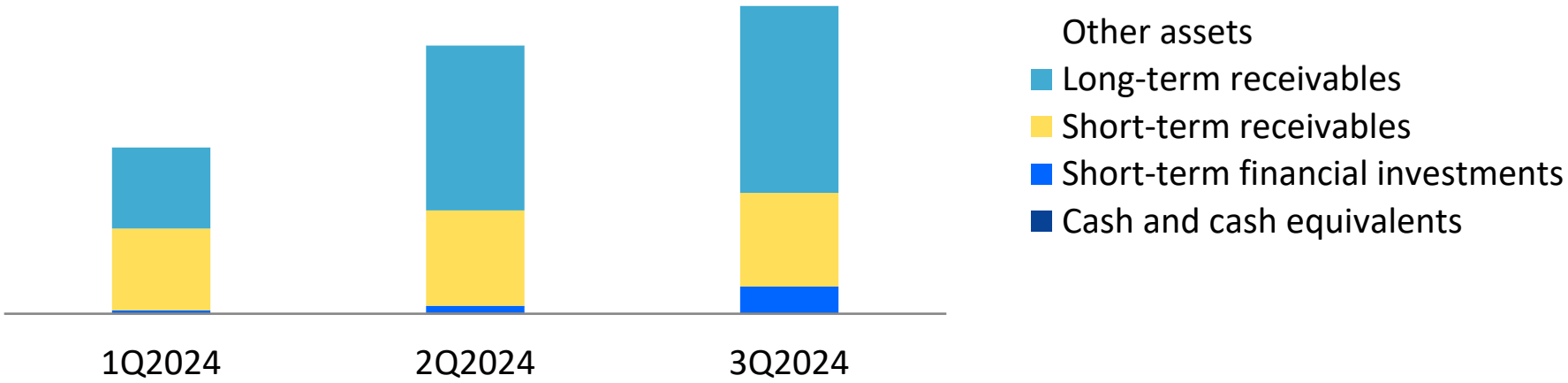
4.4 ★
Out of 5



FINANCIAL UPDATE HEALTHY BALANCE SHEET. FIRST SHARE BUYBACK IN Q4.2024



Assets grow as retained earnings grows. Healthy and primarily funded with equity, accounted for **85.5%** of total assets.



Short-term and long-term receivables attributing to most of Assets is due to the payment policies of listing platforms, where revenue collection typically takes **around 30 days** after user subscriptions, with no risks.

SHARE BUYBACK IN Q4.2024

Thanks to a debt-free balance sheet and a healthy liquidity position, SilverAI will implement a share buyback in Q4. The share buyback will further consolidate the shareholder base, aiming for future fundraising efforts with potential projects.

The share buyback strategy of SilverAI's Board of Directors (BOD) reflects a strong understanding of financial principles, which is crucial for achieving its goal of becoming a leader in AI within Vietnam and Southeast Asia.

PRODUCT DEVELOPMENT

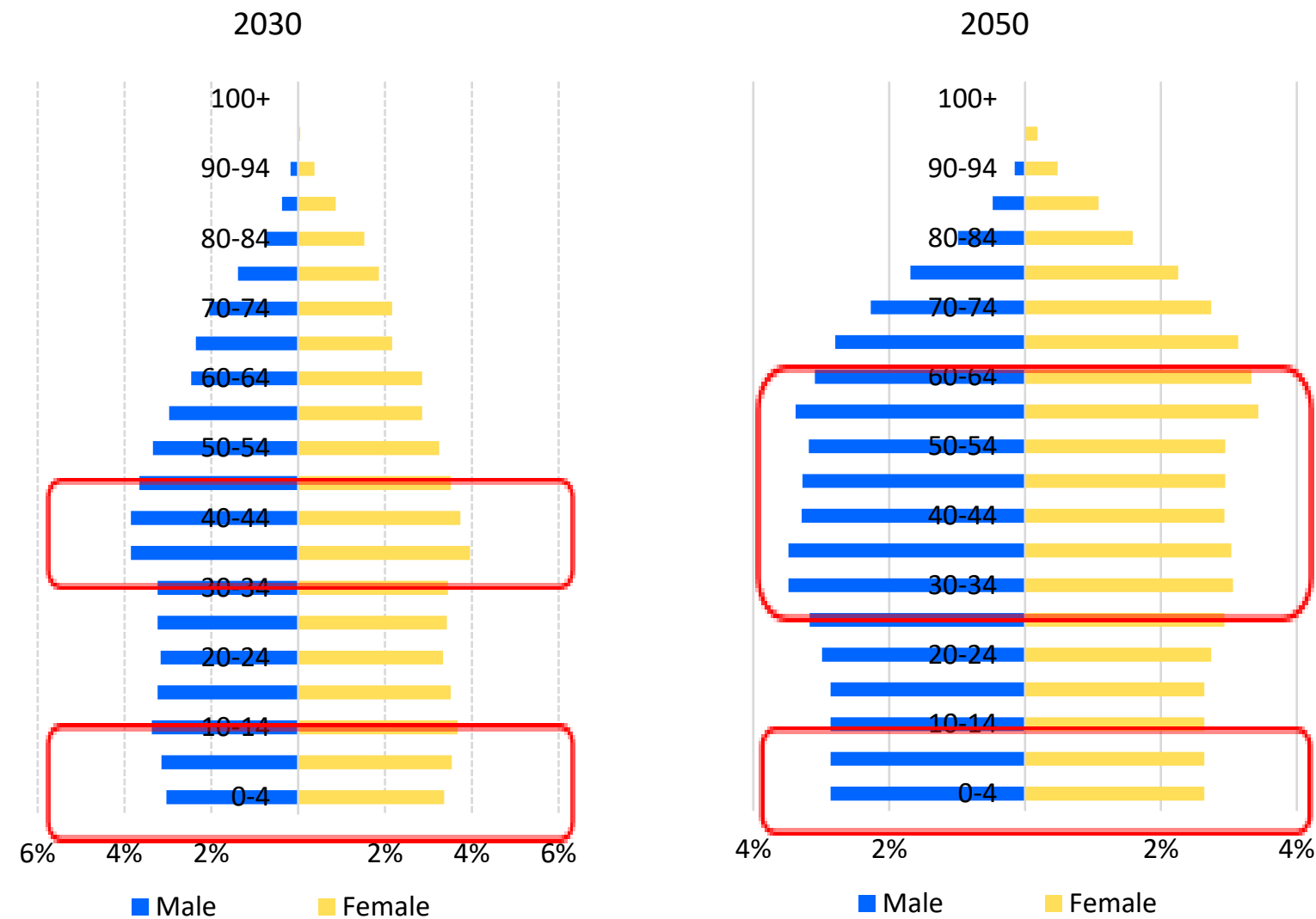
NEW VENTURE: **CAMERA AI**



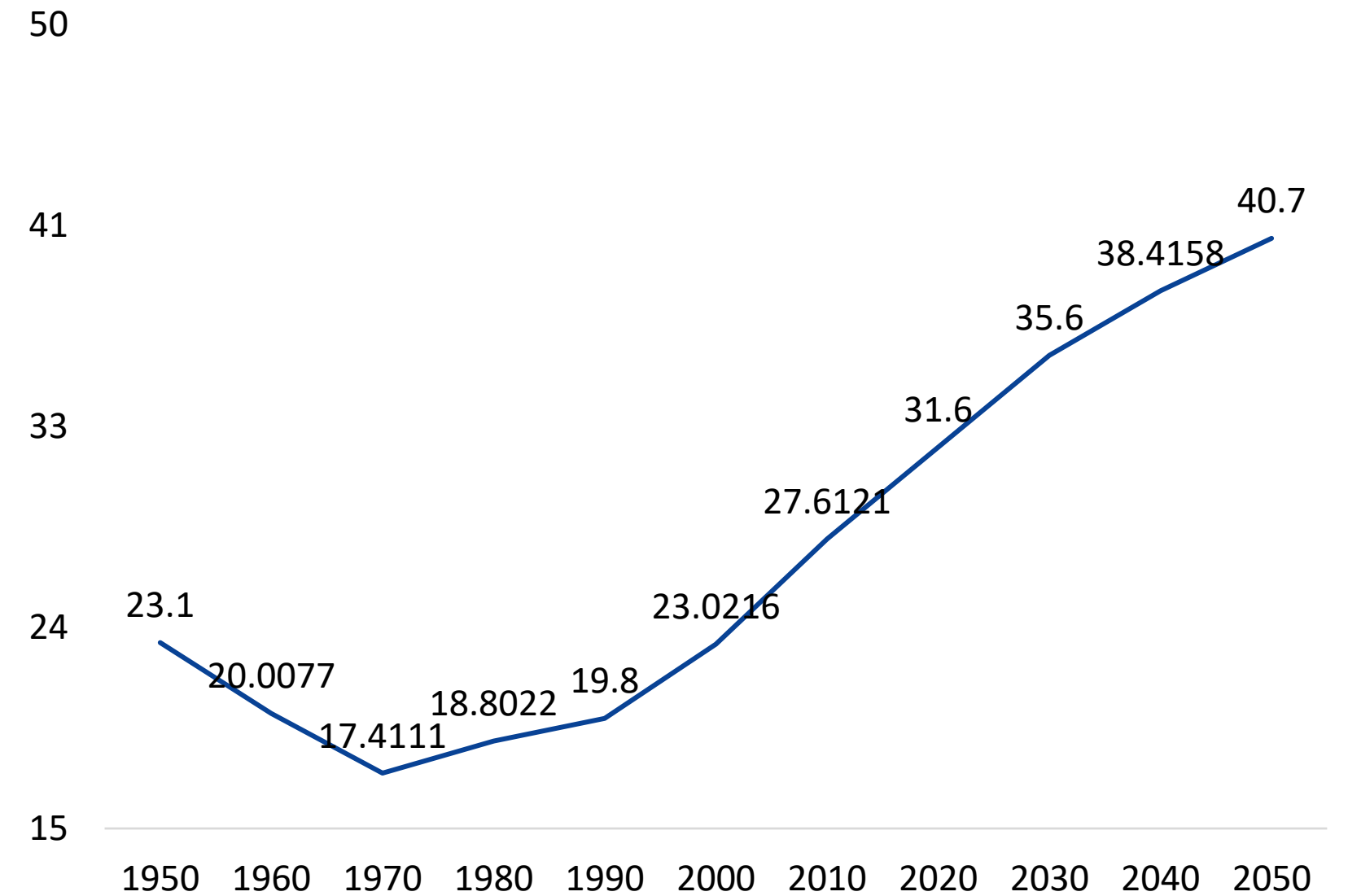
VIETNAM'S HEALTHCARE INDUSTRY: HUGE POTENTIAL DUE TO DEMOGRAPHIC LANDSCAPE EVOLVING

Increasing proportions of both the elderly and children due to aging population and total population rising, present unique challenges and opportunities for the healthcare sector.

Median age of total population is forecast to reach **40.7** in 2050, indicating Vietnam is on the verge of a rapidly aging population.



Source: Economic and Social Commission for Asia and the Pacific



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Rising demand for advanced medical care and efficient health monitoring systems.

HEALTHCARE NICHE: ESSENTIAL NEEDS YET NOT PROPERLY AND EFFECTIVELY EXPLOITED

CHILDREN

In Vietnam, tragic incidents of children being forgotten in school buses have raised serious safety concerns. To enhance child safety, parents are increasingly using technology to monitor their children's well-being both at home and school. For instance, an AI camera system can take attendance in the classroom and compare it with the registered number of students. If a child is unaccounted for within five minutes of class starting, the system automatically alerts teachers and parents. This proactive measure helps ensure children's safety and significantly reduces the risk of unfortunate incidents.



ELDERLY

With an increasing elderly population in Vietnam, monitoring their well-being at home, hospitals, and nursing facilities is essential.

Many families are installing cameras to observe their elderly relatives, allowing for real-time access to health and safety information.

Limitations of Traditional Cameras:

- Primarily serve as recording devices.
- Lack alerts for critical situations such as: (1) Falls, (2) Heart attacks, (3) Other emergencies.

Market Potential: The demand for advanced monitoring solutions is vast, as health issues can arise at any age.

AI Camera Integration:

Provides immediate alerts for concerning symptoms or behaviors.

Can detect: (1) Falls, (2) Unusual movements.

➤ **Automatically notifies caregivers or family members, ensuring timely assistance.**

Bias and Discrimination



- **Algorithmic Bias:** AI cameras may unintentionally exhibit bias.
- **Inaccurate Identification:** Facial recognition or behavior analysis errors.
- **Discrimination Risk:** Certain groups may be unfairly affected.

Data Security Breach



- **Data Vulnerability:** AI camera data can be hacked or breached.
- **Unauthorized Access:** Sensitive personal or security-related information at risk.
- **Privacy Concerns:** Potential for illegal parties to gain access.

Mass Surveillance



- **Mass Surveillance:** AI cameras enable tracking of individuals.
- **Privacy Erosion:** Governments or corporations may monitor populations.
- **Authoritarian Risks:** Potential for misuse or control.

➤ **SilverAI is well-positioned to lead the future of AI by addressing key challenges with innovation and responsibility, ensuring sustainable growth and ethical development.**

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