

Idetitii Quarterly Activity Report and Appendix 4C for the period ending 31 December 2021

Key Highlights

- Novatti went live with Idetitii's SaaS platform for AUSTRAC reporting
- HSBC launched DART, built on Idetitii technology, in Australia and Singapore
- Idetitii platform hits milestone, processing over 1.5 million payment messages
- Global X-Sight Marketplace expanded sales opportunities
- AUSTRAC announced ISO 20022 migration plans
- Receipts from customers of \$0.4 million, up on previous quarter
- Operating cash outflows of \$2.2 million, down slightly on previous quarter
- \$0.9 million R&D Tax Incentive rebate received, up \$0.2 million on previous year
- \$7.4 million raised via Placement and Shareholder Rights Issue

Thursday, 27 January 2022 - Idetitii Limited ('Idetitii', 'the Company') (ASX:ID8) is pleased to release its Appendix 4C for the three months ended 31 December 2021 and provides an update on its progress during the period.

Commenting on the Company's key achievements in the December 2021 quarter, Idetitii CEO, John Rayment said: "Without question, our number one focus in Q2 FY22 was capitalising on the growing commercial interest in our technology and continuing to fill our sales pipeline with opportunities that can become revenue generating customers. Our second focus, and one that also goes a long way to setting us up for success in 2022, was attracting industry experts to the Company who possess the skills and networks to transform that interest into material contracts.

We hit a number of important milestones in the December quarter and I'm excited that we now have five customers "live" using our technology, with HSBC Hong Kong, HSBC Australia, Mastercard, HomeSend and Novatti now using Idetitii to process payment data. Novatti is also the first to use our SaaS platform to submit complete and accurate reports to AUSTRAC, having signed a licence with us earlier in 2021 and going live in December 2021.

Across all of our customers, we have now processed more than 1.5 million individual payment messages and generated more than 1,500 complete and accurate transaction reports. These data points are incredibly important for the Company, enabling us to demonstrate our capability to prospective customers using proven technology with global brands, which together with our growing commercial team, will accelerate revenue growth.

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During my tenure as CEO, we have focused on raising enough capital to attract the right talent into the Company - talent that can set, validate and execute an informed, exciting and invigorating commercial strategy. We now have all of these things in place, together with enough working capital, and expected income, to create a very generous runway. Success for Identitii is not gauged in the signing of the next few contracts, nor the next few dozen – we are aiming much higher and much further than that.”

Operational progress

Novatti went live with Identitii's SaaS platform for AUSTRAC reporting

Novatti, the global payments company that signed a three-year licence agreement with Identitii in July 2021, went live with Identitii's Software-as-a-Service (SaaS) based AUSTRAC reporting platform.

Novatti is the first customer to go live on the new SaaS platform and is the second customer now using Identitii to power how it reports International Funds Transfer Instructions (IFTI) to the regulator.

HSBC launched DART, built on Identitii technology, in Australia and Singapore

HSBC announced that its Digital Accounts Receivable Tool (HSBC DART), which is built on Identitii technology, launched in Australia and Singapore during the quarter. In the announcement, HSBC said the expansion of DART, which is also available for HSBC customers in India and Indonesia, was as the result of tremendous client and buyer engagement.

The tokenisation technology and unique information layer used in HSBC DART was developed by Identitii under the Company's first customer contract, originally signed in 2017 and renewed for a subsequent three years in April 2021 for up to \$2.0 million.

HSBC DART is a simple and intuitive digital platform that enables sellers and buyers to exchange invoices and detailed payment information. It digitises the exchange of information through tokenisation within a Tracking ID, which improves invoice matching when included in buyer payments. This results in effective and efficient accounts receivable management and helps improve the working capital cycle.

Identitii has been supporting the development and expansion of HSBC DART since the original contract was signed in 2017, including delivering new functionality to support the roll out into new geographies, [as announced in June 2019](#).

Identitii platform has now processed more than 1.5 million payment messages

Q2 FY22 saw Identitii hit a significant milestone in the growth of its platform, which has now processed more than 1.5 million payment messages and generated more than 1,500 reports across all customers. These data points are incredibly important for the Company, enabling it to demonstrate the platform's capabilities to prospective customers using proven technology with global brands, which together with the growing commercial team, will accelerate revenue growth.

The platform growth comes following the addition of four new customers in calendar 2020 and 2021, with Mastercard, HomeSend, Novatti and Standard Chartered Australia all joining HSBC by signing multi-year licence agreements with Identitii.

Identitii joined global financial crime technology Marketplace

Identitii was accepted onto the NICE Actimize X-Sight Marketplace, which works like the Google

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Store and matches technology providers with financial services companies searching for innovative anti-money laundering and counter-terrorism financing (AML/CTF) solutions. Identitii's AUSTRAC reporting platform can be integrated into the NICE Actimize product suite, currently live with over 750 customers in 70 countries worldwide. The two companies are already working together on joint sales opportunities to drive further uptake of both solutions.

Attracting great talent

Identitii announced that Patrick Vu had joined as the new Head of Product in October 2021. Patrick joined from Western Union Business Solutions (WUBS) where he was in charge of helping define, develop and execute the company's global product strategy that enabled banks, credit unions and money-service businesses to adopt WUBS' FX and payments solutions around the world.

The industry expertise that Patrick, in addition to Joe Higginson, Chief Commercial Officer, who joined from Investec Bank in February 2021, and Tim Phillipps, Non Executive Director, who joined in May 2021 after 30 years at Deloitte and ASIC, bring to the Company is helping ensure the future of Identitii is shaped by people who recognise the pain that manual processes and legacy technology causes in financial institutions.

Commenting on joining Identitii, Patrick Vu said:

"I'm really excited to join Identitii at this point in its growth journey. The Company's platform is already contributing to the digitisation of the global payments industry, which has been hamstrung by clunky and error-prone manual processes for years. I recognised in Identitii a unique way to help our customers address these problems and look forward to helping develop product offerings that meet the unique payment information requirements of regulated entities of all sizes."

CFO and hiring update

Following the resignation of Chief Financial Officer (CFO) Trent Jerome during the quarter, Identitii has commenced the process to recruit a new CFO to help lead the business through the next phase of growth.

Identitii is also recruiting for an in-house Financial Controller, to take over from Gram Accounting, who has been providing the Company with Financial Controller and virtual CFO services since prior to the IPO in late 2018, ensuring continuous disclosure, external reporting obligations and best-practice financial disciplines are met as a publicly listed company.

Another step in Identitii's stated goal of monetising its investment in Payble

During the quarter, Identitii announced that Payble Pty Ltd (Payble) would commence payment of a \$1.0 million Assignment Fee to the Company from 30 November 2021. This fee is for intellectual property (IP) developed by Identitii and irrevocably transferred to Payble under an Intellectual Property Agreement.

The IP was first tested in September 2019, when Identitii was one of ten companies chosen to participate in the Australian Competition and Consumer Commission's (ACCC's) Consumer Data Right (CDR) ecosystem testing. Payble has since gone on to receive CDR Accreditation and is the first consumer payments app to do so.

Following Payble's accreditation, consumers who currently bank with more than 91 Australian banks and financial institutions will be able to link their account data to Payble and access the company's flexible solution for bill payments. Payble is completely free for consumers, with billers charged a monthly software fee.

The Assignment Fee will be paid to Identitii in monthly instalments over two years. Payments are indexed against Payble's revenue growth and are expected to increase across the term. This ensures available capital is primarily directed towards sales, marketing and product development efforts. If repayments have not reached \$1.0 million by 30 November 2023, a final top-up payment (being \$1.0 million less fees already paid) is due on 1 December 2023.

AUSTRAC ISO 2002 migration

AUSTRAC announced an update to its technology systems during the quarter, providing reporting entities with guidance on how the adoption of ISO 20022 will impact the way they submit reports to the regulator.

Starting in November 2022, AUSTRAC will require reporting entities to adopt the new ISO 20022 format (AUSTRAC schema) and connect to its new APIs. While some larger reporting entities have already commenced work on their ISO 20022 adoption, the majority are now under pressure to ensure their reporting systems are ready to send and receive messages in this format by then.

Identitii's SaaS platform was built with ISO 20022 in mind, meaning the Company is well positioned to work with AUSTRAC's new requirements. This can save reporting entities that use Identitii significant time and money preparing for the change, while ensuring complete and accurate reporting from day one.

In the industry

The **Customer Owned Banking Association (COBA)** held its annual conference in November 2021. Identitii sponsored the virtual conference to increase sales opportunities and awareness of its SaaS AUSTRAC reporting platform amongst Australia's credit union and mutual banking community.

The FinTech Times asked industry leaders for their 'View from the Top' at the end of 2021, to gain an insight into the decisions behind the last 12 months. **John Rayment** spoke about ISO 20022 and the opportunity it presents to fundamentally evolve the systems and processes at most financial institutions as the industry starts to see more competition in the market between SWIFT and alternative rails (financial payment platforms), buy-now-pay-later vs credit cards, and between various currencies like crypto and Central Bank Digital Currencies (CBDCs).

To read more about Identitii in the industry and to view recent media coverage, please visit Identitii's website or follow the Company's social channels.

Corporate and financial summary

Identitii is well-funded heading into calendar 2022

Identitii raised \$7.4 million in H1 FY22, putting it in a strong position to continue to execute its land, expand, connect strategy in calendar year 2022. The Company would like to thank all existing shareholders for their continued support and welcomes new shareholders to the Identitii family.

Cash flow performance

Impact of further CBA investment into Payble

Following the announcement that CBA's venture scaling arm, x15ventures, has invested another \$0.7 million into Payble, (see Identitii's ASX announcement, dated 15 November 2021), Identitii's ownership in the business has reduced to 39.3% on a fully diluted basis and the Company ceased to retain control of Payble. This triggered a change in accounting treatment whereby Payble results will now be recognised as a separate line item, as opposed to being consolidated into the results of Identitii Limited. Importantly, this means the Assignment Fee (announced on 17 November 2021) will

be recognised by Identitii as cash receipts in the statement of cash flows as it is no longer required to be eliminated on consolidation.

Cash receipts from customers for the quarter of \$0.4 million were up \$0.2 million from the previous quarter (Q1 FY22 - \$0.2 million). During the current quarter, the Company received its annual Research and Development (R&D) Tax Incentive from the ATO totalling \$0.9 million.

Total cash outflows from operating activities for the quarter continue to remain steady at \$2.2 million, slightly down on the previous quarter (Q1 FY22 - \$2.3 million).

In Section 6 of the Appendix 4C, payments made to related parties during the quarter, included in Item 1, are directors' fees. Payments received from related parties, included in Item 2, is the monthly Assignment Fee from Payble.

Cash balance

Identitii held \$8.0 million in cash as of 31 December 2021. Per the conditions of the most recent Rights Issue, the Company also retains the right to place the shortfall shares (at the issue price of \$0.16) to raise an additional \$1.6 million in working capital, until 28 February 2022.

Successful \$7.4 million capital raise completed

Identitii went into a trading halt before the start of Friday 22 October trading. On October 26, Identitii announced it received binding commitments to raise a total of \$6.0 million (before costs) via a placement (Placement) to sophisticated and institutional investors.

The Company also conducted a Rights Issue to allow existing shareholders to participate at the same \$0.16 per share price offered to sophisticated and institutional investors (Rights Issue). The latter issue raised an additional \$1.4 million for the Company.

The capital raising funds will be used to finance current and future growth initiatives, including:

- The provision of working capital for Identitii to execute its LAND, EXPAND and CONNECT strategy, more detail on which is provided in the Company's new Investor Presentation
- A ramp-up of sales and marketing activities, as the Company continues to drive new customer growth, following the announcement of deals with Novatti and Standard Chartered Australia earlier this financial year
- Continued enhancements to Identitii's core platform to provide new features and functionality that increase revenue per customer and help the Company expand into new markets, and
- Efforts to monetise the Company's US patent.

Ends

This announcement has been approved and authorised to be given to ASX by the Board of Identitii Limited.

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About Identitii

Identitii Limited is helping regulated entities reduce their exposure to regulatory risk, without replacing existing technology systems. Founded in 2014 and headquartered in Sydney, Australia, Identitii is listed on the Australian Securities Exchange (ASX:ID8).

For more information visit: www.identitii.com

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Appendix 4C

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

Name of entity

Identitii Limited

ABN

83 603 107 044

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
1. Cash flows from operating activities			
1.1 Receipts from customers		384,203	580,238
1.2 Payments for			
(a) research and development		(624,259)	(1,279,605)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(88,567)	(121,988)
(d) leased assets		-	-
(e) staff costs		(871,919)	(1,852,730)
(f) administration and corporate costs		(627,357)	(1,245,650)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		498	498
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		902,056	902,056
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(925,345)	(3,017,181)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(5,850)	(15,746)
(d) investments		-	-
(e) intellectual property		-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	640	2,059
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	10,000	10,000
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) Note 1	(547,253)	(547,253)
2.6	Net cash from / (used in) investing activities	(542,463)	(550,940)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,403,986	7,403,986
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	(293,439)	(293,439)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(13,039)
3.7	Transaction costs related to loans and borrowings	-	(67)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	7,110,547	7,097,441

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,409,599	4,489,311
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(925,345)	(3,017,181)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(542,463)	(550,940)

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A	\$A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,110,547	7,097,441
4.5	Effect of movement in exchange rates on cash held	(6,535)	27,172
4.6	Cash and cash equivalents at end of period	8,045,803	8,045,803

Note 1: During the quarter, Identitii's ownership in Payble Pty Ltd (Payble) reduced from 51.3% to 39.3% on a fully diluted basis. This resulted in Identitii ceasing to retain control of Payble, triggering a change in accounting treatment whereby Payble results will no longer be consolidated into the results of Identitii. This cash outflow of \$547,253 represents Payble's cash balance which is no longer required to be consolidated into the cash balance of the Group.

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	Previous quarter \$A
5.1	Bank balances	7,971,958	2,335,754
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	73,845	73,845
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,045,803	2,409,599

6.	Payments to related parties of the entity and their associates	Current quarter \$A
6.1	Aggregate amount of payments to related parties and their associates included in item 1	127,075
6.2	Aggregate amount of payments to/(receipts from) related parties and their associates included in item 2	(10,000)
<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	Amount drawn at quarter end \$A
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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
8.1 Net cash from / (used in) operating activities (item 1.9)	(925,345)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,045,803
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,045,803
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.69
<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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 27th January 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

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.