

Identitii Quarterly Activity Report and Appendix 4C for the period ending 30 June 2021

Commercial Highlights

- Novatti (ASX:NOV) first NEW Software as a Service (SaaS) customer for Overlay+
- SaaS targets multiple new market segments to rapidly accelerate revenue growth
- HSBC renews contract for additional three years
- Overlay+ goes live with two customers during the quarter
 - reporting both international and large cash transactions to AUSTRAC
 - requesting missing transaction information from correspondent banks
- Receipts from customers of \$0.1 million down on previous quarter
- Full-year receipts from customers of \$1.4 million up 28% on last year
- Operating cash outflows of \$2.0 million up 8% on previous quarter

Other Highlights

- Payble received \$1.0 million investment from CommBank's x15ventures
- Payble signs first energy retail customer and attracts talent from BPAY
- IP protection strategy progresses following granting of Patent in the U.S.
- Product innovation speeds sales cycle and expands target customer base
- Identitii named in Deloitte's Asia Pacific Technology Fast 500
- Deloitte and ASIC veteran Tim Phillipps joins Identitii Board

Friday, 30 July 2021 - Identitii Limited (Identitii, Company) (ASX:ID8) releases its Appendix 4C for the three months to 30 June 2021 and provides an update on its progress during the period.

Commenting on the quarter, Identitii CEO, John Rayment said:

"We continue to promise new contracts with large financial institutions and move towards our vision of a globally connected ecosystem for financial information. Despite our growing confidence in this strategy, we do recognise the need for faster, more linear revenue growth and more frequent news flow – in addition to waiting long periods for these large contracts.

To address this, we are developing Overlay+ to target new market segments and generate additional revenue streams. More than 14,000 non-bank AUSTRAC reporting entities can now use Identitii to submit their regulatory reporting, with similar opportunities in other global markets that significantly expands our total addressable market.

This project will start delivering all-new revenue streams this year - and we are thrilled with the announcement earlier today that Novatti is the first of many new customers.

One key challenge for Identitii is that we have been waiting for Overlay+ to go live with customers, so we can demonstrate its unique capabilities in a live environment. This critical milestone, for any business, happened twice during the quarter. It is a significant event which many interested potential customers in our pipeline have been waiting for.

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During the quarter we successfully set-up, or advanced, several new opportunities that will deliver revenue in 2021. We launched Overlay+ twice, significantly expanded our total addressable market, moved towards monetising our US Patent, and saw growth in Payble (our CommBank's x15ventures partnership) that begins delivering value for Identitii soon.

We will share more information on these initiatives later in August. Thank you for your continued support - we are looking forward to delivering a successful FY22."

Operational progress

Novatti Group becomes first SaaS customer for Overlay+

Following the end of the period, global payments company [Novatti Group \(Novatti\)](#) signed a three-year licence agreement to become the first customer to adopt Identitii's brand new Software as a Service (SaaS) version of Overlay+.

In addition to the market segments Identitii is currently focused on, Overlay+ SaaS opens several additional market segments to generate entirely new revenue streams. More than 14,000 non-bank AUSTRAC reporting entities can now use Overlay+ to submit complete and accurate regulatory reporting, with similar opportunities in other global markets, significantly expanding the total addressable market.

New market segments such as Money Transfer, Casinos, Super Funds, Insurance Companies, Foreign and Crypto Currency Exchanges can access Identitii's fully cloud-native platform without bespoke software deployments. With shorter buying cycles, these new segments will deliver the Company faster and more linear revenue growth, supporting the long waiting periods between larger contracts.

Novatti and Identitii have entered into a Software Agreement (Agreement) under which Novatti will licence Overlay+ for AUSTRAC reporting. The Agreement is for three years and is worth \$0.2 million to Identitii. Either party has the right to terminate the contract for any reason, with 30 days' notice.

Overlay+ goes live, successfully submitting international (IFTI) and large cash (TTR) transaction reports to AUSTRAC

Identitii's first Overlay+ reporting solution has gone live, with the platform now successfully processing and submitting IFTI and TTR reports to AUSTRAC on behalf of our customer, on a daily basis.

Since 2018, AUSTRAC has fined Australian reporting entities over \$2.0 billion for non-compliance with IFTI and TTR reporting standards. More than 15,000 reporting entities are now reviewing how they report to AUSTRAC, as challenges with manual processes and multiple legacy systems make accurate reporting extremely difficult.

Overlay+ is now a proven technology that helps automate complete and accurate reporting to the regulator. This validation of our platform and our strategy is a key milestone for Identitii.

Overlay+ goes live, digitising information sharing between payment networks and correspondent banks

Identitii's first Overlay+ request solution also went live this quarter, streamlining information sharing between payment networks and correspondent banking partners around the world.

To successfully process payments for customers and comply with local and international regulations, financial services businesses must have information about the sender, receiver (beneficiary) and purpose of every transaction. Often this information is incomplete or missing and must be requested

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from the customer or bank at the other end, usually via email, tracked with spreadsheets and unsecured file sharing solutions, slowing payment processing times and increasing the risk of non-compliance with regulatory obligations.

Overlay+ has automated how these requests are made, and is now live, helping customers process payments faster and simplifying financial crime compliance.

HSBC renews contract for another three years

Global banking giant HSBC has renewed its original contract with Identitii for a further three years. The contract is worth up to \$2.0 million, which includes \$0.6 million in annually recurring revenue over three years.

Under the renewed contract, Identitii will continue to support HSBC's digital accounts receivables tool, HSBC DART, which was built using Identitii's technology.

Patent and Intellectual Property (IP) update

The Company is pursuing initiatives to monetise our recently granted US Patent, and during the quarter completed an IP strategy review with a leading IP firm in the United States, looking at four separate streams:

1. Expanding our US Patent coverage through additional continuation filings
2. Direct commercialisation of our patent with partners
3. Indirect commercialisation of our patent through licensing, and
4. The potential for enforcement, including infringement litigation.

We will update the market as various elements of the strategy progress.

Product innovation expands target customer base and speeds sales cycle

During the quarter, Identitii completed development work to expand Overlay+ to service reporting entities without a banking licence, required to report IFTI-DRA's (or "International Funds Transfer Instructions under a Designated Remitter Arrangement") to AUSTRAC. The Company has seen increasing demand for this additional and more detailed reporting type, including Novatti, who become our first customer to adopt the new functionality.

The Company is also developing Overlay+ to be consumed entirely as a Software as a Service (SaaS) solution, for completion in Q1 FY22. Migrating to a SaaS model delivers many new benefits, making our platform accessible to more than 10,000 smaller financial services businesses, with shorter budget and sales cycles. It also significantly reduces running costs and onboarding effort for every new customer, making it easier to adopt and go-live. The Company is already seeing increased interest in a SaaS model and will update the market once the work is complete.

Identitii named in Deloitte's Asia Pacific Technology Fast 500

Identitii ranked 137th in the Deloitte APAC Technology Fast 500 list.

This list considers both revenue growth and how the Company is transforming the way business is done today. In Identitii's case, Deloitte has recognised how the Company is automating transaction reporting that all financial services businesses must send to their regulators, both in Australia and globally.

Deloitte and ASIC veteran, Tim Phillipps, joins Identitii Board as NED

Tim Phillipps has joined the Identitii Board as Non Executive Director. Tim is a Financial Crime and RegTech expert with 45 years of industry experience, most recently at Deloitte, where he held Global and Asia-Pacific roles in financial crime compliance and analytics, and prior to that with ASIC as Director of Enforcement.

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Commenting on the appointment, Tim Phillipps, Non Executive Director, Identitii, says: "I have spent my career helping companies, regulators and government agencies find new and effective ways to fight financial crime. When I met the Identitii team, I recognised a real opportunity for Overlay+ to solve many of the problems facing regulated entities and law enforcement in this area. I'm pleased to join the Board at what I think is still the beginning of the Company's journey, and I see a huge amount of potential for this business in the very near future."

x15ventures invests \$1.0 million into Identitii subsidiary, Payble

The Commonwealth Bank's venture scaling entity, CBA New Digital Businesses Pty Ltd (x15ventures), invested \$1.0 million in Identitii subsidiary, Payble to acquire a minority ownership stake.

In Australia each year, more than 75 million recurring or scheduled bill payments fail or are paid late. Businesses pay a high price to collect missing funds, using expensive call centres to update billing details, request late payments or activate instalment plans.

Payble helps fix failed or late bill payments before they happen, leveraging Identitii's participation in the Australian Competition and Consumer Commission (ACCC) CDR testing. Payble intends to utilise the new Open Banking regime to help businesses ensure more payments are made on time, and to provide customers with more control over their finances.

Payble was founded by Identitii and Elliott Donazzan. After the x15ventures investment, Identitii will hold 51.3% of the issued capital of Payble Pty Ltd, x15ventures will hold 26.7% and Elliott Donazzan will hold 7.3%. The remaining 14.7% will be issued and allocated as part of employee incentive arrangements. x15ventures retains a right to invest further at the same valuation to move to a majority ownership position.

Payble signs first energy retail customer and attracts top talent from BPAY

Payble has signed a three-year services agreement with its first energy retail customer, following successful completion of a pilot also during Q4 FY21. The work to integrate Payble into the customer's billing system is underway and is expected to go-live by the end of calendar 2021.

Jon White, ex-BPAY Group Head of Product & Experience also joined the Payble founding team during the quarter. At BPAY Group, Jon was responsible for the launch and growth of the BPAY Payments API program that transformed the product proposition, and supported the growth of Osko, an overlay service on the New Payments Platform (NPP). Jon has previously held senior roles at Macquarie Bank.

Commenting on the appointment, Jon White, Co-founder and Product & Strategy Lead said "I have spent years creating financial services and payments products that customers want to buy, including in the much-hyped Buy-Now Pay-Later space. What I realised is that no-one was looking at why BNPL has been so successful, which is a desire from both consumers and merchants to change how they pay and get paid. Payble is addressing the root-cause of issues common in both direct debit and bill payments today, and is giving both consumers and merchants more visibility and control over payments. Until now this has been a massive gap in the market and I'm excited for what the future holds for Payble."

Corporate and financial summary

Cash flow performance

This 4C reflects the consolidated view of Identitii Limited, meaning cash-on-hand and cash outflows from the Payble subsidiary have been included, because Identitii retains management control and oversight of the Payble business. Future 4C's will also include this information until Identitii no longer retains management control.

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Cash receipts from customers of \$0.1 million were down \$0.3 million from the previous quarter (Q3-FY21 \$0.4 million), due to reduced professional services fees, following successful go-live of our solutions. Despite this, full-year receipts from customers of \$1.4 million was up \$0.3 million and 28% on last year. There are no Payble cash receipts from customers yet.

During the quarter Identitii also qualified for, and received a \$0.1 million Export Market Development Grant from Austrade.

Cash balance and runway

Total cash outflows from operating activities for the quarter of \$2.1 million contained \$0.1 million from Payble, meaning Identitii outflows for the quarter were \$2.0 million, up \$0.2 million and 8% on the previous quarter, mainly from headcount increases in preparation for future committed works.

Payments made to related parties during the quarter were directors' fees.

Identitii and Payble together held \$4.5 million in cash as at 30 June 2021, of which Identitii held \$3.6 million and Payble held \$0.9 million. Taking into consideration committed future revenues, both licences and professional services, plus forecast cash outflows over the same period, Identitii has runway in excess of three quarters.

Identitii in the industry

Identitii conducted several targeted go-to-market activities aimed at increasing demand for its Overlay+ platform among key target markets.

ACAMS Australasia

John Rayment presented on stage at the Association of Certified Anti-Money Laundering Specialists inaugural Australasian conference in June, alongside Money-Laundering Risk Officers and senior financial crime compliance professionals from across the region.

The Company also sponsored the event, to increase awareness of Overlay+ Reporting and to generate new business development opportunities.

Intersekt Australia

Identitii attended FinTech Australia's Intersekt conference in Melbourne, alongside Payble, to support business development and account management objectives. The conference was attended by organisations including CBA's x15ventures, and senior executives from across the banking and FinTech industries.

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

For more information

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About Identitii

Identitii Limited is helping financial services businesses bridge the gap between the need for more financial crime information and the limited capabilities of legacy technology systems. Our vision is a trusted and transparent financial services industry, which is accessible to everyone and where financial crime is impossible. 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

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Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
1.	Cash flows from operating activities		
1.1	Receipts from customers	86,311	1,395,598
1.2	Payments for		
	(a) research and development (<i>Note 1</i>)	(613,320)	(1,996,215)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(54,872)	(148,978)
	(d) leased assets	-	-
	(e) staff costs (<i>Note 1</i>)	(903,536)	(3,006,065)
	(f) administration and corporate costs	(506,713)	(2,197,159)
1.3	Dividends received	-	-
1.4	Interest received	-	3,193
1.5	Interest and other costs of finance paid	-	(2,769)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	117,500	1,192,781
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,874,630)	(4,759,614)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(11,516)	(45,136)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
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	(11,516)	(45,136)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,000,000	8,923,237
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	-	(341,405)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(38,785)	(725,649)
3.7	Transaction costs related to loans and borrowings	(4,805)	(61,687)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	100,000
3.10	Net cash from / (used in) financing activities	956,410	7,894,496
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,407,031	1,411,309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,874,630)	(4,759,614)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,516)	(45,136)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	956,410	7,894,496
4.5	Effect of movement in exchange rates on cash held	12,016	(11,744)
4.6	Cash and cash equivalents at end of period	4,489,311	4,489,311

Note 1: Reallocation of \$216,837 from 'Staff Costs' to 'Research and Development' in relation to prior quarters on reassessment of R&D projects and related expenditure incurred during the year.

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	4,415,466	5,333,186
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (term deposits)	73,845	73,845
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,489,311	5,407,031

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	166,651
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
7.1 Loan facilities	20,000	20,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	20,000	20,000

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.

On 17 March 2020, the Company received a \$100,000 loan from John Rayment, the CEO and MD. This loan is interest free and will convert to equity at \$0.07 per share as approved by shareholders. On 17 November 2020, \$80,000 of the loan was converted to equity by issuing 1,142,857 shares to John Rayment at \$0.07 per share, leaving a remaining loan balance of \$20,000. After the quarter end on 6 July 2021, shareholders approved the issue of 285,714 shares at \$0.07 per share to John Rayment in full and final settlement of his loan.

On 22 December 2020, under the terms of an MOU, x15ventures invested \$100,000 directly into Payble Pty Ltd to help complete an existing trial. The \$100,000 was governed by a SAFE Note which gave x15ventures the opportunity to participate in future equity financing events, subject to certain conditions. This SAFE Note was converted to equity during the current quarter.

8. Estimated cash available for future operating activities	\$A
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,874,630)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,489,311
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,489,311
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.39

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: n/a

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: n/a

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: n/a

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: 30th July 2021

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.