

Patent and Intellectual Property Update

Identitii is progressing its phased growth strategy

Highlights:

- Identitii filed patent applications in several global jurisdictions in August 2015. It was approved in the United States in December 2020, then granted in April 2021, and the Company recently filed additional claims (or “continuation claims”) in August 2021
- Identitii's unique Intellectual Property (IP) offering leverages global demand for systems that capture faster, complete, accurate and detailed transaction information
- Identitii has built the foundations for its global ecosystem for financial information, developing a platform that ingests, transforms and securely shares payment data
- The Identitii growth strategy is multi-faceted, centred around commercialisation and expansion of its platform, then leveraging the patent to create its own ecosystem

24 August 2021 - Identitii Limited (Identitii, Company) (ASX:ID8) is pleased to provide this patent and intellectual property update. It has been motivated by recent public discussions about Identitii's patent and the Company's desire to update investors on its growth strategy and the critical role its Intellectual Property (IP) plays in it.

Identitii filed patent applications in several global jurisdictions in August 2015 and continues to pursue these approvals. In December 2020, our patent was approved in the United States (which was announced to the market) and then granted in April 2021. As part of our wider IP strategy, the Company recently filed additional claims (or “continuation claims”) in the US in August 2021.

As detailed in our most recent quarterly update (Q4 FY21), the Company is actively pursuing several strategic initiatives to monetise our patent, which include:

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.

The addressable market for Identitii

Whatever the unit of value that needs to move, for example Dollar, Euro, Yen, XRP or Bitcoin, it all needs to move from one “account” to another. At the same time, there is an ever-increasing demand for these transactions to be processed in real-time. For this demand to be met, faster, complete, accurate and detailed transaction information needs to be captured. Incredibly, much of this is still done manually as there is no way for data to accompany the payment message.

In 2016, Identitii conducted research together with SWIFT (the Society for Worldwide Interbank Financial Telecommunications) and learned that of the nearly seven billion transactions sent across its network that year, 8% were held-up because the legacy technology and outdated messaging

standards used by both sending and receiving banks did not allow them to also send transaction information, costing them up to US\$27.5B.

This process inefficiency is now being resolved. The global financial industry has begun to adopt the new ISO 20022 standard as the payment messaging language of the future, allowing much richer and structured information to move with payments, and will ultimately facilitate payments to move between legacy networks such as SWIFT and emerging payment gateways that operate as a close loop platform, like Mastercard and Visa, and Ripple, Ethereum, R3's Corda or any emerging payment gateway that adopts the standard.

Identitii has already completed development on its platform that will enable the global financial services industry to overcome these challenges, and migrate more than 10 billion payment messages per year across to the new ISO 20022 standard over the next five years.

Once the Identitii platform is processing and transforming payment data for banks, payment networks and financial services businesses around the world, the Company's ambition is to deploy the patent it owns and connect Identitii customers with its platform to create an Identitii-owned and operated global ecosystem for financial information.

Identitii's growth strategy is now progressing in phases

Identitii has already developed the building blocks for its global ecosystem for financial information based on its patent, creating a platform that ingests payment data, transforms the data into any format, automates retrieval of missing information, and securely shares with internal or external parties such as regulators.

Phase One – LAND:

The first step in our longer-term strategy is to licence as many regulated businesses as possible, to use our platform to ingest their payment data and deliver an outcome. The biggest opportunities for success in Phase One lie with AUSTRAC reporting and payment investigations in correspondent banking.

Phase Two – EXPAND:

The second step in our strategy is to provide more services and grow licence revenue with existing customers. We are now focused on helping 11,500+ SWIFT member banks migrate 10 billion payment messages per year to the new ISO 20022 global standard before 2025. Our platform already contains the required functionality to perform this transformation.

Phase Three – CONNECT:

The final step in our strategy is to deploy our own intellectual property and connect banks, payment networks and financial service businesses around the world to our platform, creating a global ecosystem for secure, rich financial information that enables faster processing of payments and reduces financial crime.

About Identitii's patent

Identitii's patent is for a Company-created method and system to support the establishment of a secure, global ecosystem for information sharing for cross-border payments regardless of currency or payment rail.

The patent is designed to enable:

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- Requests for additional information to support payment processing;
- Pre-validation of payment information to improve straight through processing; and
- Real time compliance processes for payments.

The patent uses blockchain technology to:

1. Generate a unique ID (token) for a payment;
2. Index important additional information required to validate a payment;
3. Generate and share enriched data about a payment; and
4. Ensure secure data sharing, using hashing and cryptographic keys.

The patent is designed to work with both legacy payment platforms (for example SWIFT and Mastercard) and emerging payment networks (for example Ripple, Ethereum, Bitcoin and Corda blockchains and distributed ledgers).

Identitii has been pioneering information sharing use cases in banking since 2015. In 2021, the Identitii platform was integrated with the Mastercard Cross-Border Services network, enabling 50+ financial institutions around the world to securely share financial crime compliance information within the Mastercard network. Identitii is exploring additional use-cases with several global brands in the payment industry to support information sharing to reduce financial crime.

This announcement has been approved and authorised to be given to ASX by the CEO 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: <https://identitii.com/>