

Identitii Quarterly Activity Report and Appendix 4C for the period ending 30 June 2022

Key Highlights

- New customer as Rabobank signs five-year licence agreement
- New Board welcomes former banking and international payments CEOs
- New CFO with former ANZ, Thomson Reuters and Nestle finance leader
- New platform sandbox release enabling accelerated new customer growth
- Receipts from customers were \$0.2 million, totalling \$1.5 million for the year
- Total operating cash outflows continue to remain steady at \$1.9 million

Thursday, 28 July 2022 - Identitii Limited ('Identitii', 'the Company') (ASX:ID8) is pleased to release its Appendix 4C for the three months ending 30 June 2022 and provides an update on its progress during the period.

Commenting on the Company's key achievements in the June 2022 quarter, Identitii CEO, John Rayment said: "We continue to see a growing amount of interest across the financial services industry, in the key markets Identitii is focused on including Australia, New Zealand and Canada, for automation to ensure transaction reporting obligations to government regulators have been met. Financial institutions, money transfer businesses, crypto exchanges, gaming operators and more, are all facing increasing scrutiny from regulators such as AUSTRAC, the New Zealand FIU and FINTRAC in Canada to ensure they submit complete and accurate transaction reports. Incredibly, compliance with these obligations still largely involves manual processes, spreadsheets, and teams of operations people.

We have been focused on building a strong team of payments industry experts to capitalise on this significant and growing global opportunity, and I strongly believe we are in the right place, at the right time, and importantly – at the front of the queue. Not only are we well-placed with prospective customers, but we are extremely well-placed amongst a very small number of competitors, given our platform has been validated by our existing customers, including HSBC, Mastercard, Standard Chartered Bank, Novatti and now Rabobank.

The Company has started to benefit from that payments industry expertise, using feedback on our technology platform from our new team members and prospective customers, to prioritise development activities that make it easier to win new business. We are very excited to have released a new sandbox environment, that allows prospective customers to experience our technology and test with their own payments data. This will transform the effectiveness of our sales team and we expect to see evidence of this in the coming months."

Operational update

Rabobank signs five-year licence agreement to automate AUSTRAC reporting with Identitii

During the quarter the Company was pleased to announce a five-year SLA with the Australian arm of the Dutch led multinational banking and financial services group, Rabobank. Rabobank Australia will use the Identitii cloud-hosted platform to further automate their International Funds Transfer Instruction (IFTI) reporting to AUSTRAC. The five-year contract consists of an annual recurring licence fee of \$0.1 million and an initial \$80k payment for professional service fees for onboarding and customisation.

Board Refresh

In June the Company announced the rejuvenation of its Board of Directors with the appointment of two former banking and international payments CEOs as Non-Executive Directors and the appointment of Tim Phillipps, who joined the Board in May 2021, as Chair. Newly appointed NEDs Rhyl Gardner and Simon Griffin bring decades of complimentary experience and connections that are specifically aligned to various elements of Identitii's growth plan. They join Tim Phillipps and CEO John Rayment on the Board, which together with new CFO Catherine Lin, now collectively shares over 100 years of financial services industry experience and significant industry connections in Australia and other key global markets that will help accelerate sales and growth.

New CFO

In June the Company welcomed a new Chief Financial Officer (CFO), Catherine Lin, who has commenced taking over from Gram Accounting, the company that has provided Identitii with outsourced CFO services since prior to the IPO in late 2018. Catherine brings significant financial acumen to the Company, acquired via eight years financial services experience with ANZ and Thomson Reuters, plus more than 15 years' experience in global, listed and family owned FMCG companies including Nestle and Goodman.

Technology update

New sandbox environment enables rapid testing and onboarding

During the quarter, the Company released a brand-new sandbox environment of the Identitii platform, designed to significantly increase the Company's rate of new customer acquisition and subsequent revenue growth. The new environment, now live and in-use with several prospective customers, allows prospects to experience the platform and process their own payments data in real-time, to facilitate more streamlined testing, which enables

quicker buying decisions and faster go-live once a contract has been signed. Prospective customers looking to automate AUSTRAC reporting, a critical part of their ongoing regulatory compliance obligations, put Identitii through rigorous testing before signing on the dotted line. The new sandbox environment simplifies and shortens this process and is also expected to shorten contract and onboarding timeframes.

Progress against product development roadmap

A critical output from the release of the Company's new sandbox environment and subsequent testing by new prospective customers, is industry-specific feedback on features and functionality that is expected to reduce friction in the sales and onboarding process and generate potential new revenue streams in the future. During the quarter the Company has responded to this feedback and made significant improvements to the platform, which are expected to contribute to increasing new customer numbers.

United States Patent

Identitii is still actively pursuing opportunities to monetise its US patent 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 Company remains optimistic that the US patent will generate value in the future and will update the market as soon as more information comes to hand.

Marketing update

ACAMS Australasia increases sales opportunities and brand awareness

In June, Identitii again presented at and sponsored the annual ACAMS Australasia conference in Sydney. ACAMS, the Association of Chartered Anti-Money Laundering Specialists, is a global organisation that brings together financial crime compliance and anti-money laundering professionals around the world. The ACAMS Australasia conference is arguably the most important annual conference for professionals in anti-money laundering in the region and is attended by over 400 key members of government and industry, including regulators, technology, finance, and other payment providers. This year's conference keynote address was delivered by AUSTRAC CEO Nicole Rose.

During her keynote address, Rose shared details of where AUSTRAC will be focusing its attention, saying: "Around 2019, we started to invest more resources in the gambling sector, in recognition of the unique risks and challenges posed by casinos, betting agencies, and pubs and clubs. We also dealt more deeply with the remittance sector in targeted campaigns, commenced the registration of the newly emerging digital currency exchanges (DCE), and engaged with new businesses such as the buy now pay later sector."

As attention on money laundering from the government and media continues to build, we expect to see more investigations and fines coming from AUSTRAC and Identitii is actively engaging with organisations in these industries in line with AUSTRAC's focus.

Identitii CEO John Rayment participated in a panel session discussing 'Keeping Pace with Change: Cross-border Payments and Compliance'. The session examined the Australian payments landscape and how change is being driven by global regulations, new methods of moving money and indeed new types of currencies. Jeremy Moller, Senior Advisor and Lawyer at Norton Rose Fulbright, and Luke Raven, Senior AML Compliance Manager at Cabital also participated in the session, moderated by Identitii's Joleen Whittaker.

To read more about Identitii's participation and the Company's top four takeaways from the event you can read our blog: <https://identitii.com/acams-australia-2022/>

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.

Financial update

Cash flow performance

Cash receipts from customers for the quarter of \$0.2 million were down \$0.5 million from the previous quarter (Q3 FY22 - \$0.7 million) primarily due to the receipt of \$0.4 million in annual licence fees from Mastercard in Q3. Full year cash receipts from customers of \$1.5 million were up slightly on previous year (FY21 - \$1.4 million).

Total cash outflows from operating activities have remained relatively consistent, this quarter totalling \$1.9 million, down slightly on the previous quarter (Q3 FY22 - \$2.0 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 Pty Ltd.

Cash balance

Identitii held \$5.1 million in cash as of 30 June 2022. In addition to this, the Company is expecting to receive its annual Research & Development Tax Incentive in the coming quarter, which last year totalled \$0.9 million.

New registered address

Identitii moved out of its previous office at 129 Cathedral St, Woolloomooloo and into its own new office at The Commons, 285A Crown St, Surry Hills. The move is part of the Company's post-Covid return to work plan and helps provide the team with best-in-class flexible working arrangements, while reducing costs and operational overheads.

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

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")

30 June 2022

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A	\$A
1. Cash flows from operating activities			
1.1 Receipts from customers		182,475	1,464,792
1.2 Payments for			
(a) research and development		(672,873)	(2,601,721)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(77,313)	(264,911)
(d) leased assets		-	-
(e) staff costs		(593,971)	(3,136,035)
(f) administration and corporate costs		(533,699)	(2,422,658)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	498
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		43,284	945,340
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(1,652,097)	(6,014,695)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(49,589)	(65,335)
(d) investments		-	-
(e) intellectual property		-	-

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A	\$A
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	2,309
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	30,000	70,000
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(574,423)
2.6	Net cash from / (used in) investing activities	(19,589)	(567,449)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(327,813)
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	-	7,063,067

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,623,012	4,489,311
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,652,097)	(6,014,695)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19,589)	(567,449)

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A	\$A
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,063,067
4.5	Effect of movement in exchange rates on cash held	122,807	103,899
4.6	Cash and cash equivalents at end of period	5,074,133	5,074,133

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	5,000,288	6,549,167
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)	5,074,133	6,623,012

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	115,042
6.2	Aggregate amount of payments to/(receipts from) related parties and their associates included in item 2	(30,000)

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 <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)	(1,652,097)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,074,133
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,074,133
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.07
<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?	
	Answer:	
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?	
	Answer:	
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?	
	Answer:	
<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: 28th July 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.