



Intelligent Information Exchange

ASX ANNOUNCEMENT  
25 January 2019

## Identitii Limited December 2018 Quarterly 4C and Activity Report

### Highlights:

- Identitii listed on the ASX in October 2018 following the successful completion of a fully underwritten IPO that raised \$11 million.
- Identitii launched a new platform, Overlay+, in October 2018. Overlay+ uses a private blockchain and unique identifiers called Identitii Tokens to create a secure, trusted and auditable ecosystem in which banks and corporates can exchange documents and information.
- The new Overlay+ platform was showcased at global financial services conference, Sibos, as well as other FinTech events in Asia, expanding the Company's pipeline and furthering negotiations with existing prospects.
- Layla Bates joined as Head of People and Culture, completing the Senior Leadership team.
- The Company expanded its existing customer into new geographies under its current agreement.
- Q2 FY19 closed with three prospects at contract negotiation stage of the sales pipeline.
- Identitii Hong Kong Limited was incorporated to allow for expansion of new and existing customer relationships within APAC.
- Identitii completed the Mastercard Start Path program. The Company was chosen as one of only 40 participants for the 2018 program, out of 2,000 applicants from around the world.
- Cash as at 31 December of \$7.3million, in-line with budget and with no debt.

[Identitii](#) Limited ("Identitii" or the "Company") (ASX: ID8), an Australian FinTech enabling the secure overlay of transaction level detail on top of financial messages using a private blockchain, is pleased to release its December Quarterly 4C and Activity Report for the period ending 31 December 2018 (Q2 FY19).

Identitii successfully listed on the ASX on October 17, 2018, following the completion of a fully underwritten IPO, raising \$11 million at \$0.75 per share. Funds raised from the IPO have been used to further development and commercialisation of Identitii's platform as well as to appointing key resources in business development, marketing, account management and professional services. Four leading institutional fund managers were cornerstone investors for \$9m of the IPO. KTM Capital and Canaccord Genuity acted as Joint Lead Managers, with KTM Capital fully underwriting the \$11 million raising.

Q2 FY19 was a strong quarter for Identitii. The Company progressed the expansion of its existing customer into new geographic markets under the current contract.

The Company also saw forward momentum with new and existing leads progressing through all stages of the pipeline. The Company closed the quarter with three (3) leads at negotiate contract stage, up from two (2) last quarter.

Identitii Limited

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Commenting on the December quarter, CEO of Identitii, Nick Armstrong, said:

“Identitii had a strong Q2 FY19 following the completion of our IPO in October 2018 and we are pleased to be progressing in line with expectations on all fronts, in particular around the launch of our Overlay+ platform and how our technology is being delivered on-site to our existing customer,” said Nick Armstrong, CEO, Identitii.

“This quarter has continued to validate the market opportunity for blockchain as a way to improve communication within banks, between banks and between banks and their corporate customers, and we are confident that we can continue to leverage our innovative use of blockchain as a way to help these organisations realise significant value. We look forward to building our customer base with additional banks that have already identified a strong requirement for our technology offering.”

### Activity highlights

Identitii is helping banks and corporates securely exchange information about the origin, purpose and beneficiaries of financial transactions. Its goal is to help reduce the US \$2 trillion that is laundered through financial systems every year, with banks increasingly facing large fines for unknowingly allowing fraud and money laundering, and their corporate clients calling for a better payments service.

Blockchain is widely becoming recognised as a key solution to the problem of fraud and money laundering as it provides a secure, auditable and tamper-proof record of documents and information. Identitii uses blockchain to ensure banks have more information available at the time a transaction is made, so they can better understand its purpose, origin and beneficiaries. This reduces fraud and the risk of money laundering and can help banks save up to US \$15 million each per year, as demonstrated in a 2017 proof of concept Identitii conducted with [SWIFT](#).

### In the industry

The annual Sibos conference, held in October 2018, was a meeting of around 7,000 payments, risk, trade services and corporate treasury professionals. One of the key themes was blockchain as a use case for reducing financial crime, enhancing existing payments technology infrastructure and providing corporate treasury professionals with increased visibility into cash flow. As three problems Identitii’s Overlay+ platform can address, the Company is pleased to have received further validation of its available market opportunity. The Company was also able to engage with numerous existing and new prospects to discuss how its technology can help them make material savings in their business without having to completely remove and replace existing technology infrastructure. The Company is pleased to advise a number of new prospects were added to its pipeline as a result.

While at Sibos, CEO, Nick Armstrong spoke on a number of panels on topics ranging from the hurdles to innovation in banking to journeys of re-invention in the FinTech market. He also engaged with a number of local and global media.

Identitii also attended Singapore FinTech Week and the Hong Kong FinTech Festival, where the Company demonstrated the use of its new Overlay+ platform to over 40,000 delegates including key banking executives.

### Launch of Overlay+

During the quarter, Identitii launched Overlay+, a new platform that uses a private blockchain and unique identifiers called Identitii Tokens to create a trusted, secure and auditable ecosystem in which banks and corporates can exchange documents and information. Key to the Overlay+ offering is that competitors are not currently providing any similar services between banks and corporate customers, a key differentiator for the Company.

The launch of Overlay+ was the next major upgrade of Identitii’s technology and added significant features to improve customer experience and better engage banks. New features have also simplified customer engagement and makes upgrading easier, increasing customer stickiness.

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The expansion of Identitii's Application SideBar adds even further value for clients by enabling the engagement with multiple value adding applications from within the Overlay+ platform. It also enables Identitii to further build a recurring volumetric revenue channel by aligning part of its pricing strategy and revenue to data points created on the blockchain.

### Senior appointments to drive growth

Q2 FY19 saw the completion of Identitii's senior leadership team with the appointment of Layla Bates, Head of People and Culture. Layla joins Clare Rhodes, Chief Marketing Officer, and Mark Garvie, Chief Commercial Officer, who were appointed during Q1 FY19, to help Identitii accelerate growth and drive go-to-market strategy.

With a rapidly expanding employee base, Layla is focused on attracting new talent, while engaging and developing the Identitii team. Layla brings a wealth of experience in recruitment and people leadership across industries, geographies, and businesses.

### Identitii incorporated in Hong Kong

Identitii Hong Kong Limited was incorporated in December under the leadership of Mark Garvie. The Hong Kong team will be responsible for expanding new and existing customer relationships in the region.

### Mastercard Start Path program completed

Identitii completed the Mastercard Start Path program during the quarter. Start Path, a six-month program that runs four times a year, connects innovative later-stage FinTech's with Mastercard's global ecosystem. Identitii was chosen as one of only 40 participants for the 2018 program, out of 2,000 applicants from around the world. Identitii presented its Overlay+ platform to Mastercard customers in Miami, FL and is exploring potential use cases with the financial services provider and its customers.

### Cashflows

The attached Appendix 4C covers cash flow for Q2 FY19. The Company held AU \$7,284,221 in total cash as at 31 December 2018. This is in line with use of funds within the Company's prospectus and budget. The Company continues to remain debt free.

Overall net cash spend increased in Q2 FY19 as compared to Q1 FY19 primarily as a result of expanded operations, including the hiring of new team members and the continued development of Identitii's technology, combined with one-off costs associated with the IPO.

For Q2 FY19, total net cash outflows were \$2,749,907, of which net cash outflows on operating activities were \$1,848,530. Customer cash receipts were \$94,536, generated from professional services revenue, as well as interest earned on cash balances of \$16,019. Cash spend on operating activities was \$1,959,085, with \$1,068,580 spent on team expansion and research and development activities to further build out Overlay+. The remaining spend was on advertising and marketing of \$153,261, and administration and corporate costs of \$737,244.

Next quarter, net cash outflows on operating activities are forecast to be approximately \$2,028,004. Identitii will continue investing in team expansion to support both product growth and commercialisation.

For more information, please contact:

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## About Identitii

Identitii Limited (ASX:ID8) enables financial institutions and corporates to securely verify and share transaction level detail between counterparties. Its flagship platform uses blockchain technology to create an unalterable audit trail of activity simplifying KYC and financial crime compliance, payments, cash management, document management and standards adoption for financial institutions and corporates, and their counterparties. Founded in 2014, Identitii is a publicly traded company, having undertaken an IPO on the ASX in October 2018, raising \$11 million. Identitii Ltd. is headquartered in Sydney, Australia.

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Identiti Limited

**ABN**

ABN 83 603 107 044

**Quarter ended ("current quarter")**

31 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter A\$</b>	<b>Year to date (6 months) A\$</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	94,536	185,833
1.2 Payments for		
(a) research and development	(684,587)	(1,229,578)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(153,261)	(230,881)
(d) leased assets	-	-
(e) staff costs	(383,993)	(673,564)
(f) administration and corporate costs	(737,244)	(1,011,809)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16,019	16,404
1.5 Interest and other costs of finance paid	-	(20,445)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	930,787
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,848,530)</b>	<b>(2,033,253)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(189,094)	(399,049)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter A\$	Year to date (6 months) A\$
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	(10,847)	25,855
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(199,941)</b>	<b>(373,194)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	10,999,975
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	31,270
3.4 Transaction costs related to issues of shares, convertible notes or options	(701,448)	(1,197,755)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(400,000)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(701,448)</b>	<b>9,433,490</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	10,034,128	259,995
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,848,530)	(2,033,253)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(199,941)	(373,194)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(701,448)	9,433,490

<b>Consolidated statement of cash flows</b>		<b>Current quarter A\$</b>	<b>Year to date (6 months) A\$</b>
4.5	Effect of movement in exchange rates on cash held	12	(2,817)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>7,284,221</b>	<b>7,284,221</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter A\$</b>	<b>Previous quarter A\$</b>
5.1	Bank balances	7,284,221	10,034,128
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,284,221</b>	<b>10,034,128</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
A\$**

77,850

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
A\$**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end A\$	Amount drawn at quarter end A\$
-	-
-	-
-	-

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**9. Estimated cash outflows for next quarter**

**A\$**

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

9.6 Administration and corporate costs

9.7 Other (provide details if material)

**9.8 Total estimated cash outflows**

(666,160)

-

(120,220)

-

(753,809)

(487,815)

-

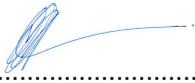
**(2,028,004)**

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**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.

Sign here:

  
.....  
Chief Executive Officer

Date: 25 January 2019

Print name: Nicholas Armstrong

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.