



Intelligent Information Exchange

ASX ANNOUNCEMENT
18 April 2019

Identitii executing on land and expand strategy underpinned by promising growth in customer revenue

[Identitii Limited](#) (ASX:ID8) (**Identitii** or the **Company**), is pleased to provide a business update to report on a period of strong progress and release its Appendix 4C for the three months ending 31 March 2019 (**Quarter** or **3Q19**).

Highlights:

- Increase in cash receipts of 216% to A\$0.300 million compared to the prior quarter, with total cash receipts of A\$0.486 million for the financial year to date, driven by customer revenue growth;
- Strong balance sheet comprising no debt and cash of A\$5.865 million at 31 March 2019;
- Further engagement with HSBC, a global tier one banking group, will generate additional revenue;
- Key executive appointments to grow strategic partnerships and drive client engagement;
- Promotional activities, including investor marketing and attendance at key investor and industry conferences, were undertaken to increase awareness of and engagement with Identitii;
- Solid development progress and commercialisation of core product, Overlay+ with a new release anticipated in 4Q19; and

After Quarter end;

- An industry partnership, targeting SWIFT members migrating to ISO 20022, announced on 8 April 2019, provides the opportunity for Identitii to sell its proprietary Overlay+ platform into new markets.

Commenting on the progress for the Quarter, Identitii Chief Executive Officer, Nick Armstrong said:

“Customer contract expansion is a clear indication of confidence in Identitii’s platform improving corporate banking customer experience.

“Customer delivery work undertaken this Quarter continues to build our skills and capabilities – establishing a solid foundation to deliver successful future client projects at scale.

“With executive appointments to drive strategic partnerships, deliver client engagement and support our go-to-market strategy, we look forward to offering our Overlay+ platform to new customers and partnership channels and will provide updates as these progress through our pipeline,” Mr Armstrong said.

Cashflows represent promising growth in customer revenue

The attached Appendix 4C contains the cash flows for 3Q19. The increase in cash receipts of 216% from A\$0.095 million in the prior quarterly period to 31 December 2018 (**2Q19**) to A\$0.300 million in 3Q19 was driven by customer revenue growth and validates the Company's land and expand strategy.

The Company remains debt free and held A\$5.865 million in cash at 31 March 2019. This is in line with the use of funds in the Company's budget and as outlined in the Prospectus.

During 3Q19, net operating cash decreased to A\$1.397 million compared to A\$1.849 million in 2Q19. This was primarily driven by cash receipts from customers and government grants during the current quarter as well as lower administration and corporate costs on the back of finalisation of the IPO in October last year.

Additional disclosure requirements on actual cashflows and estimated cash outflows for the next quarter are contained in the Appendix 4C.

Further engagement with HSBC, a key customer since 2017, generating additional revenue

In March, following the successful completion of phase one of its project with HSBC Global Services (UK) Limited (**HSBC**), Identitii commenced work on phase two of the project under the existing Framework Agreement.

Phase two will deliver additional functionality to support HSBC's plans to roll out Identitii's solution into multiple geographies and will generate additional revenue for Identitii.

Commenting on the contract, Nick Armstrong, Identitii's Chief Executive Officer said: "Phase two of Identitii's project with HSBC is the culmination of some really innovative work undertaken by both teams.

"The further engagement with HSBC validates and is consistent with our land and expand strategy for driving customer revenue growth.

"The project is progressing well and we look forward to providing an update in 4Q19," Mr Armstrong said.

For more information on the project with HSBC, refer to the recent [ASX announcement](#) dated 13 March 2019 and the [Prospectus](#).

Executive appointments to grow strategic partnerships and drive client engagement

In March, Identitii appointed two key executives, Simon Lacey and Martin Botica, to augment the expertise of its high calibre Senior Leadership Team.

Simon Lacey was appointed to the role of Head of Corporate Development with a focus on driving strategic partnerships and the go-to-market strategy.

Mr Lacey has over 25 years' experience in the payments and financial services industry selling and consulting in the areas of trade finance supply, international payments, merchant acquiring, payables and receivables and channel distribution. His previous roles have been at Telstra, HCL Technologies, IBM Global Services, Logica (now part of CGI), AT&T and HSBC.

Mr Lacey complements Identitii's commercial team of sales specialists led by Hong Kong based Chief Commercial Officer Mark Garvie who has a solid track record of growth and leadership in technology and digital solutions in the banking, payment and insurance industries in Asia Pacific.

Martin Botica joined Identitii as Head of Client Engagement responsible for customer project delivery, customer technical support and technical pre-sales.

With a background in SaaS solutions, B2C/B2B marketing strategies and automation, Mr Botica is experienced in driving project delivery and customer success in high growth software businesses. Prior to joining Identitii he

was responsible for scaling up and commercialising the professional services business unit for Marketo (now an Adobe company) across the Asia Pacific region.

Prior to his time at Marketo, Mr Botica was with IBM project managing their technology strategy, core banking and cards projects with Australian banks.

Investor marketing and promotional activities at industry conferences

During the Quarter, marketing and promotional activities concentrated on investor meetings in Australia, including presenting at the TechKnow Invest conferences held in Sydney and Melbourne, and an investor roadshow in Hong Kong.

In February, Identitii collaborated with KPMG and HSBC in the HSBC Cash Academy roadshow, a series of events aimed at HSBC's corporate clients and discussion of digital transformation for corporates and Open Banking opportunities in Australia.

On 6-7 March Identitii attended the ACCELERATERegTech19 event, which included 300 regulators, regulated entities, government, technology firms and allied associations brought together to support the development of world leading regulatory technology in Australia and to promote the adoption of RegTech solutions in the banking and financial services industry.

Identitii CEO Nick Armstrong participated as a speaker on the panel: *Innovating the innovators: Who's doing it differently?* The panel was moderated by Chris Connor, Executive Manager – Emerging Technologies at CBA. This event provided significant exposure to banking and financial services industry executives and subject matter experts.

Solid development progress and commercialisation of core product, Overlay+

Identitii has made solid progress in the development of and continued improvements to the Company's core product, Overlay+.

The Company anticipates that version three of Overlay+ will be released in 4Q19 including a library of third party applications that offer increasing value to Identitii customers, and a developer centre, designed to enable third party and customer developers to more easily create applications on top of the Overlay+ platform, and enhancing Identitii's ability to onboard integration partners.

The technical objectives in the next six months will focus on enabling integration with new blockchain technologies and networks developed by third parties.

The development program is currently on schedule and within budget.

Industry partnership with Trace Financial, a leading message transformation software provider

In April, following the Quarter end, Identitii partnered with leading message transformation software provider Trace Financial Limited (**Trace Financial**) to target SWIFT member banks looking to reduce the significant cost of converting their existing payments technology systems to comply with ISO 20022 standards.

SWIFT has mandated its 11,000 member banks and institutions in over 200 countries to adopt ISO 20022, a new financial message standard, with migration from existing messaging formats to be completed between 2021 and 2026. This is largely because existing message formats are up to 40 years old, include multiple non-standardised formats and are limited in functionality and security.

Identitii will leverage Trace Financial's customers, partners and prospects and its 30 years' experience in bank grade software sales, to increase the potential for the adoption of Overlay+ to banking and financial services organisations. This represents a new channel to market for Identitii, extending reach into significant revenue opportunities in line with Identitii's partnership model, to access customers in a quick and effective manner.

In addition to the migration to ISO 20022 mandated by SWIFT, on 8 April 2019, the Reserve Bank of Australia (**RBA**) and the Australian Payments Council (**APC**) issued a consultation paper on alignment with new transaction and payment standards outlining the migration to ISO 20022 as a key strategic issue for the Australian payments system.

"The aim of the RBA and the APC is for this project to be complete by the end of 2024, ahead of the completion of SWIFT's cross-border payments migration and in line with the timeframes for international migrations," said the RBA.

Work has commenced on the product integration of Trace Financial's Transformer and Identitii's Overlay+ and the Company will provide updates as the partnership develops and provides access to new markets.

For more information on the product partnership with Trace Financial and information relating to ISO 20022, refer to the recent [ASX announcement](#) dated 8 April 2019.

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, Overlay+, 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 A\$11 million. Identitii Limited is headquartered in Sydney, Australia.

Identitii Limited

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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

Identitii Limited

ABN

ABN 83 603 107 044

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter A\$	Year to date (9 months) A\$
1. Cash flows from operating activities		
1.1 Receipts from customers	300,376	486,208
1.2 Payments for		
(a) research and development	(655,933)	(1,885,511)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(86,337)	(317,218)
(d) leased assets	-	-
(e) staff costs	(651,357)	(1,324,922)
(f) administration and corporate costs	(354,338)	(1,366,147)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12,876	29,280
1.5 Interest and other costs of finance paid	(2,164)	(22,609)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40,000	970,787
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,396,877)	(3,430,132)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(41,371)	(440,420)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter A\$	Year to date (9 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)	19,260	45,115
2.6	Net cash from / (used in) investing activities	(22,111)	(395,305)

3.	Cash flows from financing activities		
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	-	(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)	-	-
3.10	Net cash from / (used in) financing activities	-	9,433,490

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,284,221	259,995
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,396,877)	(3,430,132)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22,111)	(395,305)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,433,490

Consolidated statement of cash flows		Current quarter A\$	Year to date (9 months) A\$
4.5	Effect of movement in exchange rates on cash held	(33)	(2,848)
4.6	Cash and cash equivalents at end of quarter	5,865,200	5,865,200

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	2,865,200	7,284,221
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits)	3,000,000	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,865,200	7,284,221

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\$
102,550
-

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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\$
-
-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end A\$	Amount drawn at quarter end A\$
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.		

9. Estimated cash outflows for next quarter	A\$
9.1 Research and development	(728,380)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(112,470)
9.4 Leased assets	-
9.5 Staff costs	(708,093)
9.6 Administration and corporate costs	(364,029)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,912,972)

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: 18 April 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.