

Identitii Quarterly Activity Report and Appendix 4C for the period ending 31 March 2021

Highlights

- HSBC renews original contract for another three years
- Investec Bank (UK) former Head of Payments joins as Chief Commercial Officer
- Receipts from customers \$0.4 million, down 44% on previous quarter
- Strong year-to-date growth in receipts, up 44% on same period last year
- Like-for-like operating cash outflows \$1.6 million, same as previous quarter
- \$2.0 million raised via oversubscribed SPP

Wednesday, 28 April 2021 - Identitii Limited (Identitii, Company) (ASX:ID8) releases its Appendix 4C for the three months to 31 March 2021 and provides an update on its progress during the period.

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

"Q3 FY21 saw Identitii continue to move towards the commercialisation of our RegTech strategy, with growth indicators, industry relationships and global recognition that we've simply never seen before. I grow increasingly confident of our ability to capitalise on these opportunities, and of the impact some key new people will have on accelerating that, following our successful capital raise.

I'm very excited that Investec Bank (UK) former Head of Payments, Joe Higginson has joined Identitii as our new Chief Commercial Officer. This is a critical senior industry hire for the Company and validates the significance of the opportunity we are pursuing. Joe's global experience and industry connections will accelerate the acquisition of new customers this year.

We also reported two important deals just after quarter-end.

Commonwealth Bank's x15ventures invested \$1.0 million into the new Identitii subsidiary Payble, to reduce late and failed payments that cost Australian businesses almost half a billion dollars each year. Payble is due to launch in the very near future, and we will share

what this means commercially for Identitii for the years ahead. It's a very exciting venture indeed.

HSBC renewed the initial contract it signed with Identitii for another three years. Additionally, HSBC also renewed the global Master Framework Agreement (MFA), enabling Identitii to licence our technology to any HSBC business globally. We are very excited to be continuing our relationship with HSBC and look forward to supporting their plans in the future.

Thank you again for your continued support. We remain very excited about the year ahead and delivering a successful 2021."

Corporate and financial summary

Cash flow and cash balance

Cash receipts from customers of \$0.4 million were down 44% from the previous quarter (Q2-FY21 \$0.7 million), where we received large professional services fees from Mastercard and HSBC Hong Kong, in the late stages of key projects. Despite this, growth in year-to-date customer receipts remains strong, with total receipts of \$1.3 million up \$0.4 million and 44% on the same period last year.

Total cash outflows from operating activities for the quarter were \$1.9 million, and contained \$0.3 million in expected one-off costs for accounting, auditing and insurance, plus some welcome people changes. Therefore, like-for-like operating expenses of \$1.6 million remained the same as the previous quarter*.

** The previous quarter Appendix 4C contained total cash outflows from operating activities of \$2.1 million, with an explanatory note on page 1 at 1.2(e) highlighting a \$0.5 million one-off payment to the ATO in relation to COVID-19 deferred tax liabilities.*

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

Identitii held \$5.4 million in cash as at 31 March 2021.

Capital raising

Identitii successfully raised \$2.0 million via an oversubscribed Share Purchase Plan (SPP) to existing shareholders. Approximately 13.7 million new shares were issued to participating shareholders on 6 January 2021 at \$0.146 each.

Team update

Joe Higginson joins Identitii as Chief Commercial Officer

The former Head of Payments for Investec Bank (UK) (Investec), Joe Higginson, has joined Identitii as Chief Commercial Officer (CCO).

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As Head of Payments at Investec, Joe was responsible for designing, building, and implementing a next generation payments infrastructure for the bank, reporting directly to the Chief Operating Officer. The new platform sits the heart of the bank's technology architecture, enabling it to scale quickly to meet increasing customer demand for faster payments and more streamlined products.

"The global payments landscape is changing rapidly, as financial institutions accelerate their move to digital to better leverage Open Banking and meet changing customer and regulatory demands. It's easy to underestimate how hard it is for banks to make these changes, but the reality is that they are operating tens or hundreds of different interconnected systems that are decades old and so complex it's impossible to simply turn one off so you can connect a new one.

In essence, banks must perform critical technology upgrades while still flying the plane, which carries significant risk to compliance, customer experience and data security. This is exactly the problem Identitii solves and it's why I joined at such an exciting time in our journey. I believe Identitii has the technology and the capabilities to help financial institutions all around the world overcome legacy technology challenges and accelerate digital adoption. I'm thrilled to be part of the team."

Prior to Investec Bank, Joe was Global Head of Payments for Travelex, where he was responsible for innovating across Travelex's suite of products to help increase revenue and grow the bank's payments business. He also held roles with Western Union Business Solutions, where he established and ran the company's financial institution division, responsible for product development and sales to financial institution clients.

Joe's career has seen him move from selling complex technology solutions to financial institutions all over the world, to working within banks to improve their systems and processes at a time where they are accelerating digital adoption and considering whether to build or buy technology. Where once technology purchases were for large multi-year and multi-million dollar implementations delivered on-site, today's financial institutions purchase targeted services from a range of specialist providers to solve specific challenges. The industry is also looking more towards cloud-based products and services that enable them to move faster and more seamlessly to support growing customer demands and increased scrutiny from regulators

As CCO, Joe will use this industry experience and significant payments expertise to drive Identitii's commercial strategy and go to market activities.

Trent Jerome joins as Chief Financial Officer

As announced in the previous 4C (Q2-FY21), Trent Jerome joined Identitii as Chief Financial Officer (CFO) in February. Trent brings experience leading companies including Ingogo and Evolt through rapid periods of growth and is another welcome addition to Identitii's Leadership team, reporting directly to John Rayment.

Operational progress

HSBC renews contract for another three years

Following the end of the period, Identitii announced that it has renewed its original contract with global banking giant HSBC 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.

x15ventures invests \$1.0 million into Identitii subsidiary, Payble

Also following the end of the period, Identitii announced that 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.

Commenting on the announcement, John Rayment, CEO, Identitii, says:

"It's a really exciting time for the Payble team and Identitii is thrilled to be working alongside x15ventures to support their aspirations. We're very excited x15ventures decided to continue to invest in Payble and congratulate Elliott Donazzan, CEO of Payble, on the progress the company has made in such a short space of time under his leadership."

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.

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Idetitii in the industry

Idetitii conducted a number of targeted go-to-market activities aimed at increasing demand for its Overlay+ platform among key target markets.

Highlights included:

AFR Banking Summit

John Rayment spoke at the AFR's annual Banking Summit in Sydney. John joined Andrew Bragg, Chair of the Senate Select Committee on FinTech and RegTech, Deborah Young, CEO of the RegTech Association, and James Eyers, Senior Reporter at the AFR, on the stage to discuss "Removing impediments for technology adoption."

The AFR's annual Banking Summit challenges Australia's most influential banking leaders on how they are shaping the economy, shoring up their businesses, and accelerating the reinvention of core banking functions in order to remain competitive into the future.

John joined a distinguished group of speakers at the event, including senior leaders from Westpac, ING, BOQ, the Australian Banking Association, Ubank, Judo Bank and more.

Accelerate RegTech Virtual Event

Idetitii participated in the RegTech Association's annual Accelerate RegTech virtual event which saw 1,140 registrations from 41 countries. The Company joined Australian and international speakers from financial services businesses, government, regulators, and industry, for sessions focused on key RegTech themes and accelerating adoption of RegTech in Australia.

400 registrants for Idetitii's AML/CTF Reporting Webinar

Over 400 industry participants registered for Idetitii's webinar discussing the top anti-money laundering and counter-terrorism financing (AML/CTF) reporting considerations in 2021 with PwC Australia and Norton Rose Fulbright. Over 72% of respondents indicated that they are either undertaking a financial crime compliance transformation program today, or it's on the horizon.

Idetitii named in Deloitte APAC Technology Fast 500

Following the end of the period, Idetitii 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 Idetitii'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.

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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

83 603 107 044

Quarter ended ("current quarter")

31 March 2021

| 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 | 372,809 | 1,309,288 |
| 1.2 Payments for | | |
| (a) research and development | (466,552) | (1,166,058) |
| (b) product manufacturing and operating costs | - | - |
| (c) advertising and marketing | (34,773) | (94,105) |
| (d) leased assets | - | - |
| (e) staff costs | (813,450) | (2,319,366) |
| (f) administration and corporate costs | (597,298) | (1,690,448) |
| 1.3 Dividends received | - | - |
| 1.4 Interest received | 10 | 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 | 44,400 | 1,075,281 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,494,854) | (2,884,984) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (33,620) | (33,620) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A | Year to date (9 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 | (33,620) | (33,620) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 2,000,040 | 7,923,237 |
| 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 | (49,659) | (341,405) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (36,209) | (686,865) |
| 3.7 | Transaction costs related to loans and borrowings | (7,381) | (56,881) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) (Note 1) | - | 100,000 |
| 3.10 | Net cash from / (used in) financing activities | 1,906,791 | 6,938,086 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 5,020,609 | 1,411,309 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,494,854) | (2,884,984) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (33,620) | (33,620) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,906,791 | 6,938,086 |

| 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 | 8,105 | (23,760) |
| 4.6 | Cash and cash equivalents at end of period | 5,407,031 | 5,407,031 |

Notes

- (1) \$100,000 cash investment in the prior quarter by CBA New Digital Businesses Pty Ltd (x15ventures) has been reallocated from Other Operating Cash Flows to Other Financing Cash Flows.

| 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 | 5,333,186 | 4,946,764 |
| 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) | 5,407,031 | 5,020,609 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A

121,630

-

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 | 120,000 | 120,000 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 120,000 | 120,000 |

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.

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 is governed by a SAFE Note which gives x15ventures the opportunity to participate in future equity financing events, subject to certain conditions. This SAFE Note has been converted to equity after the quarter end.

| 8. Estimated cash available for future operating activities | \$A |
|---|-------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (1,494,854) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 5,407,031 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 5,407,031 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 3.62 |

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

- 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

- 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

- 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: 28 April 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.