

Idetitii Quarterly Activity Report and Appendix 4C for the period ending 31 March 2023

Key Highlights

- Monoova signs Idetitii licence agreement
- Fexco signs Idetitii licence agreement
- New ISO 20022 reports successfully submitted to AUSTRAC
- Rabobank starts reporting to AUSTRAC using the Idetitii platform
- One Platform strategy delivers cost savings and increased efficiency
- Industry roundtable series launched to accelerate new business acquisition
- Idetitii selected as a finalist at the Pitch! RegTech event in Singapore
- Receipts from customers were \$0.8M, up 16% q/o/q
- Closing cash balance of \$2.8M, same balance as Q2 FY23
- \$0.9M net proceeds received from FY23 R&DTI financing facility

Thursday, 27 April 2023 - [Idetitii Limited](#) ('Idetitii', 'the Company') (ASX:ID8) is pleased to release its Appendix 4C for the three months ending 31 March 2023 and provides an update on its progress during the period.

Commenting on the Company's key achievements in the March 2023 quarter, Idetitii

CEO, John Rayment said: "Acquiring new customers and securely sharing their data with regulators is the first step in realising our patented, longer-term vision of a globally connected ecosystem for the secure sharing of rich financial data. During the quarter we moved towards that vision, welcoming two new customers who have trusted Idetitii to further automate their reporting obligations and securely share transaction information with AUSTRAC.

We also continued to see the streamlining effects of reductions in operating cost and platform/product complexity, as we achieved full implementation of the One Platform rationalisation strategy. Over the past few quarters, since our reorganisation in October last year, the Company has made huge strides in productivity, efficiency and effectiveness. I'm

looking forward to sharing more frequent news with the market, as the speed of our growth increases.”

Operational update

Commercial opportunity progress

Identitii continues to target financial services businesses that report to AUSTRAC, and now the NZ FIU, because they process international payments and/or large cash transactions. These targets span three key industry segments: 1) foreign and domestic banks, 2) international payments companies and fintechs, and 3) technology companies with hundreds of existing financial services customers, where the Identitii platform could be integrated and sold as an additional service.

The Company progressed opportunities in all three of these industry segments, signing two new customers and starting to process Rabobank reports to AUSTRAC. These milestones demonstrate growing momentum in our sales pipeline, the culmination of several opportunities that were delayed over the year-end period.

In addition to the above, existing deals with both larger financial institutions and more nimble payment companies have progressed, as have several partnership opportunities the Company has been exploring, to integrate the Identitii platform with technology providers who have existing customers in adjacent markets.

Furthermore, in addition to commercial sales opportunities, as with the previous quarterly updates, the Company also continues to progress strategies to monetise the portfolio of patents in the United States and Singapore. During the quarter more promising milestones were passed, as the Company continues to make genuine progress with the strategy to extract significant value from these assets.

Monoova signs Identitii licence agreement

In March, the Company extended its portfolio of customers, signing a new software licence agreement with Monoova Global Payments Pty Ltd (Monoova), one of the fastest growing digital payment companies in Australia. Monoova will use Identitii’s cloud-hosted SaaS reporting platform to help further automate and improve auditability of their reporting obligations to AUSTRAC.

Monoova is an Australian company that enables businesses with large, ongoing transaction flows to manage payments automatically, through one simple API integration. Since 2017, Monoova’s proprietary payments platform has processed more than \$72 billion. Adopting the Identitii platform is part of Monoova’s commitment to add automation to its financial crime compliance operations.

Fexco signs Identitii licence agreement

In February, the Company also signed a new software licence agreement with Fexco, a global provider of foreign exchange, payment solutions, and outsourcing services, headquartered in Ireland with operations in 29 countries. Like Monoova, Fexco will use Identitii's cloud-hosted SaaS reporting platform to help further automate and improve auditability of their reporting obligations to AUSTRAC.

Fexco's expansion into Australia is relatively new, already serving business customers in 13 Pacific countries, and retail customers from their network of over 100 stores. Whilst the initial licence is not considered material at this stage, revenue is expected to grow as Fexco increases market share. The contract also validates the readiness of Identitii's SaaS platform to onboard multiple smaller customers.

New ISO 20022 reports successfully submitted to AUSTRAC

After the quarter, the Company announced it was among the first to successfully report ISO 20022 transactions to AUSTRAC 2.0, the regulator's updated reporting system designed specifically to accept the new data-rich International Funds Transfer Instruction (IFTI) reports processed in the new ISO 20022 message format. The announcement created significant industry interest in the Identitii platform.

The migration to ISO 20022 readiness is extraordinarily complex and many banks using internally-built systems to manage compliance today, are struggling to adapt their reporting processes to meet this new change. Being ready to report the new ISO 20022 format has given Identitii significant competitive advantage over incumbent providers as many of them have not yet built ISO 20022 capability.

Rabobank starts reporting to AUSTRAC using the Identitii platform

During the quarter, the project to onboard Rabobank Australia to the Identitii platform was successfully completed, with the Company now further automating International Funds Transfer Instruction (IFTI) reports to AUSTRAC.

This is significant for Identitii because the Company has materially reduced the time required to onboard new customers, and therefore reduced the time between executing contracts and accelerated cash collection on revenue.

One Platform strategy delivers cost savings and increased efficiency

In early Q2 FY23, the Company announced a restructure resulting in annualised cost savings of \$3M, and that savings would materialise in Q3 FY23. This strategy, as previously

announced, involved reducing headcount and consolidating multiple legacy software products, projects and platforms, to one single SaaS platform.

The Company can report the realisation of these reduced operating costs, and has experienced increases in efficiency and productivity, which is having a positive impact on the speed at which new and prospective customers can experience the platform. These benefits are expected to accelerate new customer acquisition.

Industry roundtable series launched to accelerate new business acquisition

During the quarter, the Company launched a new industry roundtable series to help the team connect with potential customers, by bringing industry experts in to facilitate topical conversations. The roundtables are expected to take place on a bi-monthly basis, allowing the Company to tailor them to specific target audiences.

The first roundtable was entitled “AML Compliance in 2023: Challenges, Trends, and Changes” and was designed to highlight the Identitii platform’s readiness to process ISO 20022 messages. Several highly-qualified new business development opportunities came from the first event, adding to the Company’s existing pipeline.

Identitii selected as a finalist at the Pitch! RegTech event in Singapore

Pitch! RegTech brings together the RegTech community, financial institution decision makers and strategic investors, to showcase new technologies that solve challenges faced by the industry. After the quarter, Identitii was selected as a finalist from hundreds of entries, to pitch live at the largest RegTech event in Asia Pacific.

The event, in May, is a great opportunity for the Company to prospect for new business, look for other RegTech platforms the Identitii platform could be plugged into, and meet potential strategic investors. All three avenues have the ability to significantly increase revenue and working capital, and with them shareholder value.

Financial update

Cash flow performance

Cash receipts from customers for the quarter of \$0.8M were up \$0.1M or 16% from the previous quarter (\$0.7M in Q2 FY23). During the quarter two annual licence fees were received, being the \$0.3M (US Dollar) Mastercard licence, and the \$0.1M Rabobank licence. The Company also received professional services revenue from several paid platform improvement programs during the quarter.

Total cash outflows from operating activities of \$0.9M were down \$0.6M or 40% from the previous quarter (excluding the R&DTI amounts in both periods), and were down \$0.4M

from the same quarter last year (\$1.3M in Q2 FY22). The decrease on the previous quarter of \$0.6M is primarily due to employee and supplier cost reductions as a result of the implementation of the One Platform strategy.

Financing cash inflows for the quarter were \$1.0M, as the Company entered into a new financing facility of \$980,000 with Mitchell Asset Management, being prepayment of the forecast R&D Tax Incentive for the year ending 30 June 2023.

In Section 6 of the Appendix 4C, payments made to related parties during the quarter, included in Item 1, are directors' fees.

Cash balance

Identitii held \$2.8M in cash as of 31 March 2023, stable when compared to the closing balance at previous quarter end (\$2.8M in Q2 FY23).

Commenting on the Company's cash balance at the end of the March 2023 quarter, Identitii CEO, John Rayment said: "Whilst several very encouraging signs for the future of Identitii have materialised in the March quarter, the Board is very focused on ensuring the Company has sufficient capital to deliver for its shareholders, and I look forward to providing further updates in the near future."

Quarterly investor webinar

Following today's release of Identitii's Appendix 4C for the quarter ending 31 March 2023, the Company will be hosting a virtual investor update at 11am AEST on Friday 28 April 2023.

How to register:

Identitii (ASX:ID8) Quarterly Investor Webinar

When: 11am AEST, Friday 28 April, 2023

Where: Microsoft Teams Virtual Meeting

To register: <https://events.teams.microsoft.com/event/4fc6fb49-793c-4d4b-a452-3283451e5d9d@39cedb37-3e3f-4d89-baae-2ce5fa7d5924>

Ends

This announcement has been approved and authorised to be given to ASX by the CEO of Identitii Limited.

Visit Identitii's interactive Investor Hub: If you have any questions about this announcement or any past Identitii announcements, or would like to see video summaries on important announcements, please visit our investor hub at: investorhub.identitii.com

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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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	778	1,700
1.2 Payments for		
(a) research and development	(488)	(2,079)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(15)	(138)
(d) leased assets	-	-
(e) staff costs	(512)	(2,624)
(f) administration and corporate costs	(639)	(1,728)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(73)	(73)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,240
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(948)	(3,701)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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	-	12
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	12

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	417
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	(27)	(32)
3.5	Proceeds from borrowings	980	980
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	952	1,364

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,755	5,074
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(948)	(3,701)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	12

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	952	1,364
4.5	Effect of movement in exchange rates on cash held	27	37
4.6	Cash and cash equivalents at end of period	2,786	2,786

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'000	Previous quarter \$A'000
5.1	Bank balances	2,786	2,755
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,786	2,755

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/(receipts from) related parties and their associates included in item 2

**Current quarter
\$A'000**

136

-

Payment of CEO salary, along with payments to Non-Executive Directors for their services as Directors.

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'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	980	980
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.

Mitchell Asset Management R&D Loan

On 8th March 2023, the Company entered into a new term loan facility of \$980,000, secured against future R&D refunds to be received by the Company. The facility is a prepayment of the forecasted R&D tax incentive claim for the year ended 30 June 2023, with a termination date of 31 October 2023. The facility attracts interest at a rate of 16% p.a., which has been fully paid in advance on the date of draw down.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(948)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,786
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,786
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.94

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

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: N/A

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: N/A

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: 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: 27 April 2023

Authorised by: The CEO
(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.