

Quarterly Activity Report and Appendix 4C

for the period ending 30 September 2024

Highlights

- USPTO rejected JP Morgan Chase challenges to the validity of Identitii's patent
- Sales activities to progress new customer opportunities increased 260% q/o/q
- Go-to-market plan to expand into the United States has progressed
- Fully subscribed Rights Issue raised a total of \$2.15M
- Payments to suppliers & employees of \$1.28M, down 10% q/o/q

30 October 2024 - [Identitii \(ASX:ID8\)](#) ('Identitii', 'the Company') (ASX:ID8) is pleased to release its Appendix 4C for the three months ending 30 September 2024 and provides an update on its progress during the period.

Patent Infringement Claim Update

During the quarter, a significant milestone was reached in the claim for patent infringement against JP Morgan Chase (JPMC). Identitii defeated two challenges from JPMC to the validity of its US Patent No. 10,984,413. Ruling on both of JPMC's challenges, the US Patent & Trademark Office (USPTO) found that "the information presented fails to show a reasonable likelihood that JPMC would prevail in establishing the unpatentability" of the Company's patent.

The Company's claim for patent infringement against JPMC, filed in October 2023, remains pending in the United States District Court for the District of Delaware. There is currently a motion to dismiss the case in front of the court that has not yet been ruled upon. The Company hopes to receive a ruling in the near future.

Investors can track the progress of the patent infringement claim at the following link:

[Identitii Limited v. JPMorgan Chase & Co. et al \(1:23-cv-01095\), Delaware District Court](#)



Commenting on the recent USPTO ruling, John Rayment, CEO of Identitii, said: “We commenced this process to protect our intellectual property several years ago, and have always believed we have a strong claim for patent infringement backed by an extensive catalogue of evidence. The decision by the USPTO to uphold the validity of our patent and reject JPMC’s claims is tremendously encouraging.”

2024 Operational Update

As with previous Quarterly Activity Reports, the following **four primary focus areas** form the framework for the Company goals and initiatives in 2024.

1. Move towards profitability

What it means:

Driving towards profitability by focusing on opportunities to grow revenue, and utilising existing resources to contain costs, remains our primary objective going forward.

Progress made:

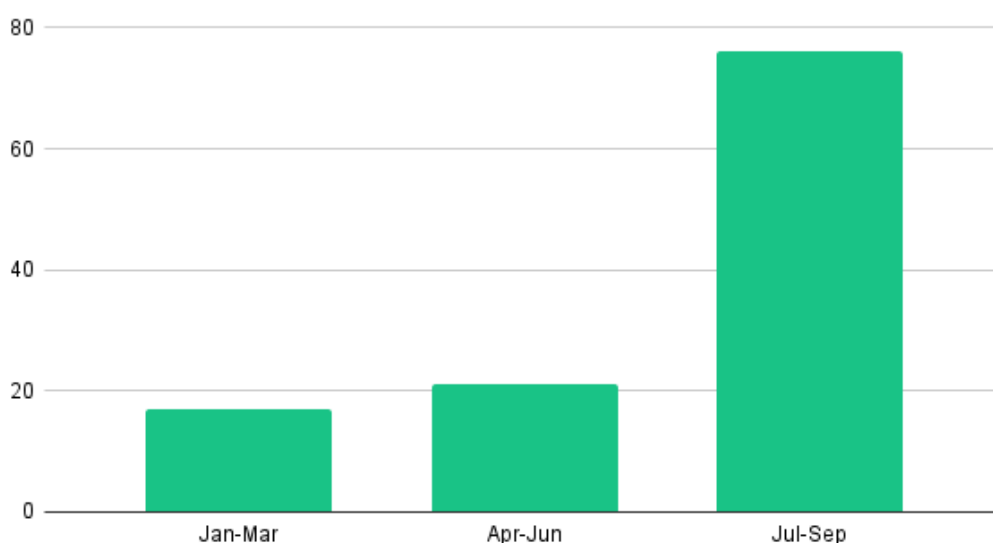
Two recently announced new customers completed the implementation process and started using the Identitii platform during the period, increasing cash flows received from annual recurring revenue by \$120,000.

On the strategic plan to continue to grow our pipeline, we’ve learned that as much as the industry faces challenges submitting complete and accurate AUSTRAC reporting, reporting entities, including banks, payments and fintech organisations, all have complex data sharing challenges that need solving, before they can contemplate reporting. The existing Identitii platform already solves these problems, so following a repositioning of our brand, website and go-to-market strategy, we have significantly increased our traction in the market.

This is reflected in the fact that sales activities that progress genuine new customer opportunities, which include in-person meetings, platform demos, technical workshops and contracting activities, increased 260% on the previous quarter, which was itself 25% higher than the quarter prior.



Sales Activity Jan-Sep 2024



The Company also made good progress during the quarter with our plans to enter the U.S. market, where, including Australia and New Zealand, the serviceable opportunity for Identitii increases to \$550 million, with 9,000+ financial services companies. The Company has a strong referenceable foothold in the U.S. with Mastercard Send and has leveraged this beachhead customer to find local go-to-market partnerships. We're in the final stages of engaging a partner to help unlock the U.S. and expect to update the market very soon.

2. Be known for data sharing

What it means:

Being globally recognised as a Company that enables greater access to, and sharing of, data within and across the boundaries of geography, residency and technology.

Progress made:

Throughout the period our team was active at several key conferences, most notably Intersekt in Melbourne and COBA in Adelaide. Our online engagement grew by 15% for the quarter, which was a 60% improvement on the previous quarter. We will continue to increase our presence online and at key conferences and events in the coming quarters, with attendance at the Singapore Fintech Festival in November being another great opportunity to further our brand and market awareness in the region.



3. Be easy to work with

What it means:

Making it as easy as possible for prospective customers to experience the Identitii platform, by simplifying both the sales process, and the customer onboarding process.

Progress made:

We're continuing to improve ease of use and access to technical documentation that improves both the sales cycle and customer onboarding activities. Our developer documentation continues to expand, improving the nature and quality of technical sales engagements.

You can visit our developer documentation at docs.identitii.com.

The screenshot shows the Identitii API Reference documentation page. The page has a dark header with the Identitii logo on the left and a search bar on the right. A sidebar on the left contains a navigation menu with categories like 'Start here', 'Concepts', 'Use Cases', and 'API Reference'. The 'API Reference' section is expanded, showing sub-items like 'AuthenticationService', 'DraftService', 'RFIService', 'ScenarioService', and 'TeamService'. The main content area is titled 'API Reference (0.0.1)' and contains three sections: 'Download OpenAPI description' with links for 'openapi.json' and 'openapi.yaml', 'Languages' with icons for various programming languages (curl, JavaScript, Node.js, Python, Java, C#, PHP), and 'Servers' with a 'Mock server' section containing two URLs: 'https://docs.identitii.com/_mock/apis/openapi/' and 'https://api.{customer}.app.identitii.com/'.

The above image shows our developer documentation as of October 2024.



4. Build for the future

What it means:

Building the right foundations that enable our platform to achieve essential scalability, availability and security metrics today, and as volumes grow in the future.

Progress made:

We continued to improve the way our technology platform supports our customers and had two customers go live during the period using new or significantly updated features that improve our customers time to value. A number of tasks that previously took months to implement are now being completed in days, reducing overhead for our customers and our engineering team.

The number of use cases we're exploring with prospects has increased during the period, a good indicator that our product and technology approach of a common platform for many customer problems is resonating. Some of the use cases we've explored include:

- Customer onboarding due diligence secure document collection
- Counterparty information sharing for cross border payments
- Real estate industry information sharing for pending AML/CTF regulatory change

Financial Update

Q1 FY25 cash flow update

Net cash used in operating activities was \$1.19M for the quarter (Q1 FY24: \$1.79M). This is an improvement of 34% compared to the corresponding quarter in the previous financial year.

Payments to employees and suppliers for Q1 FY25 were \$1.28M (Q4 FY24: \$1.42M), showing the reduced operating expenditure has now stabilised and is being carefully managed. Management continues to review operating expenditure closely, seeking to make additional savings where possible. Payments to related parties included payments to Non-Executive Directors, and payments of the CEO salary.

During the quarter, the Company successfully closed its Rights Issue, raising total funds of \$2.15M before costs. Net of costs, cash from financing activities were \$2.10M.



The Company closed the quarter with a cash balance of \$1.56M (Q4 FY24: \$644K), an increase of \$916K.

Ends

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

About Identitii

Identitii's mission is to seamlessly connect the world's payment data. Current data sharing methods are manual and unstructured, exposing organisations to inefficiencies and elevated risk. Our platform is being used by more than 200 teams across the world, to structure and automate information sharing, improving the security and control of sensitive data as it moves within and between payments organisations. We fundamentally believe that the future of digital commerce will be enabled by greater access to, and sharing of, payments data within and across the boundaries of geography, residency and technology.

For more information visit: www.identitii.com

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: <https://investorhub.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")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	91	91
1.2 Payments for		
(a) research and development	(426)	(426)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(30)	(30)
(d) leased assets	-	-
(e) staff costs	(441)	(441)
(f) administration and corporate costs	(383)	(383)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,189)	(1,189)
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 (3 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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,151	2,151
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	(51)	(51)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	2,100	2,100

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	644	644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,189)	(1,189)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,100	2,100
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	1,556	1,556

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	1,556	644
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)	1,556	644

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**

123

-

Payment of CEO salary and bonus, 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	889	889
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	889	889

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 6th June 2024, the Company entered into a new term loan facility of \$888,824, 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 2024, with a termination date of 30 November 2024. The facility attracts interest at a rate of 18% 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)	(1,189)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,556
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,556
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.31

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:

No, the timing of certain cashflows results in greater expenditure early in the new year due to annual payments.

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:

Yes, the Company has received interest from a number of groups which will realise additional funding and is currently exploring these opportunities. The Company is confident of success from one or more of these opportunities which will enable it to continue to meet its business objectives.

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:

Yes, the Company expects to be able to continue its operations to meet its business objectives.

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: 30 October 2024

Authorised by: John Rayment, Chief Executive Officer
(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.