

## Quarterly Activity Report and Appendix 4C for the period ending 31 December 2023

### Highlights

- \$1.0 million capital raised via partial sale of Payble shareholding
- \$1.5 million R&D refund received and R&D loan fully repaid
- Patent infringement claim filed in the United States
- Non-recourse agreement signed with Curium Capital to fully fund litigation
- Upgraded information security management to new ISO 27001:2022 standard
- Brand refresh and new website launched
- Operating cash inflows of \$0.3 million (Q1 FY 24: outflows of \$1.8 million)
- 26% reduction in suppliers and employee payments, compared to Q1 FY24
- Closing cash balance of \$1.9 million (Q1 FY 24: \$1.6 million)
- Subsequent to quarter end:
  - Receipts from customers in excess of \$0.5 million

**31 January 2024** - [Identitii \(ASX:ID8\)](#) ('Identitii', 'the Company') (ASX:ID8) is pleased to release its Appendix 4C for the three months ending 31 December 2023 and provides an update on its progress during the period.

Commenting on the quarter, John Rayment, CEO of Identitii said: "In the first half of FY24 we've seen the costs to run our technology platform continue to decline whilst at the same time increasing our operational efficiency and cyber security resilience, and we have continued to validate demand for our products and services with existing and prospective customers. These are important foundational milestones as we build for a future where additional customers and revenue won't materially increase costs. We will continue investing in product discovery and innovation through FY24 and FY25, as we work towards reaching and sustaining cash flow breakeven."



## What is Identitii trying to do

Today, organisations share sensitive data with internal and external teams using outdated and insecure processes, like encrypted emails and password protected attachments, creating an increasing number of risks and costs. Building on our existing customer base and the things we've learned as we grow, Identitii helps financial services organisations securely share sensitive data with internal and external teams. Our goal is to be the leading global platform for distributed customer data sharing.

## How will Identitii get there

The growing problem Identitii solves exists in multiple countries and in multiple industry verticals. The Company is developing a technology platform that will help build a solid financial services customer base in Australia and New Zealand, and enable expansion into new countries and new industry verticals. Across the depth and breadth of this growing network of customers, customer insights will deliver more products and services, and keep growing revenue.

Today, our customers are currently using the Identitii Platform for two use cases:

1. Reporting financial crime compliance data to regulators including AUSTRAC and the New Zealand Financial Intelligence Unit (NZ FIU); and
2. Securely requesting and sharing customer data for payment investigations.

In addition to continuing to focus on sales of these two use cases, which is progressing with a number of customers moving through contract negotiations, we are continuing to explore multiple other use cases for our platform in adjacent areas as well as cross and upselling existing customers with new use cases.

Data, and in particular sharing of customer data, is a global challenge for financial services companies, and many other industry verticals which the Company will pursue in the future.

## How is Identitii progressing?

The Company's primary focus is on sales and growing revenue.

- We continue to progress a growing number of commercial deals through all stages in the sales process, and have a number of contracts progressing through negotiations;



- New deals are being driven by outbound sales and marketing activities. In November and December we held a number of roundtable discussions with new prospects. These roundtables focused on helping financial services organisations including mutual banks and payment service providers, understand and adapt to a new International Payments offering from the New Payments Platform (NPP). The new offering requires any organisation connected to the NPP to be able to accept incoming international payments, which in turn carries an AUSTRAC IFTI reporting obligation. Many of these companies have not had to report IFTIs before and are not set up to do so, opening a new customer base up for Identitii;
- We have continued to improve our security posture, and are recognised in the industry as one of the first companies to adopt the new ISO 27001:2022 standard. In Q1 FY24, the Company underwent ISO 27001:2013 recertification, as well as certification for ISO 27001:2022, the new, higher standard that all providers must transition to. Feedback from prospects and customers has been overwhelmingly positive that we have already made this transition to a more secure, harder to obtain certification.
- We are exploring a number of partnerships with large consulting firms and technology providers, that delivered new sales opportunities during the quarter;
- We are exploring new use cases for the Identitii Platform adjacent to those already in the market. This is being driven by the data challenges our customers face downstream from our platform. Data is a known challenge in the financial services industry, with multiple systems and processes in place that make getting a clear picture of customer data difficult. Helping solve these downstream challenges is a key focus for Identitii, as it enables us to clear the path for adoption;
- We continue to look for cross and upsell opportunities within our existing customer base, with a number of customers either evaluating or using our AUSTRAC reporting platform looking to add additional services including SMR reporting and request functionality, to further enhance overall oversight and automation of their financial crime compliance functions.

During the quarter, Identitii announced that its contract with HSBC Australia to build, maintain and service a bespoke regulatory reporting platform expired on 31 December 2023. The bespoke version of the Identitii platform built for HSBC Australia was decommissioned, allowing Identitii to focus solely on stable recurring revenue opportunities generated by its cloud-based platform.



## Capital and Operational Update

### Monetisation of Payble shareholding to extend runway

On 19 December 2023, the Company sold 48% (24,108 shares) of its shareholding in Payble Pty Ltd ('Payble') to Our Innovations Fund III, LP ("OIF Ventures") for \$1.0 million, as part of OIF Ventures' larger investment into Payble. Identitii will use funds raised from the transaction for working capital, extending the Company's runway towards FY25. After the transaction, Payble is valued at \$10.5 million and Identitii retains a 10% shareholding. Payble will use the \$2.5 million in new funding from OIF Ventures to continue to capitalise on strong demand for its citizen-centric payment solution.

### Receipt of R&D refund and repayment of R&D loan

On 15 November 2023, the Company received a refund of \$1,494,150 under the Australian Research and Development Tax Incentive (R&DTI) Scheme. The claim covers the financial year ended 30 June 2023. This is an increase of \$300,484 compared to the claim for the previous financial year, despite an overall reduction in operating expenses, highlighting the ongoing focus by management on research and development and continued investment in innovation and platform improvement.

### Patent infringement claim filed in the United States

On 4 October 2023, the Company filed a claim against JP Morgan Chase for patent infringement of U.S. Patent No. 10,984,413. The claim was filed in the United States District Court for the District of Delaware, alleging Onyx by JP Morgan Chase infringes the patent granted to the Company on 20 April 2021. Further details of the claim can be found in the ASX announcement dated 4 October 2023.

Identitii engaged Bunsow De Mory LLP as the law firm representing the Company. The Company also signed a non-recourse financing agreement with Curium Capital LLC to fully finance the litigation. As such, the pursuit of the claim will have no impact on the working capital of Identitii.

### Q2 FY24 cash flow update

Net cash from operating activities was \$0.3 million for the quarter (Q2 FY23: \$0.3 million used in operating activities). Payments to suppliers and employees for Q2 FY24 were \$1.4 million, compared to \$2.2 million in Q2 FY23 - an improvement of 36% year on year. Throughout the last 12 months, management has continued to focus on cost



management for the business, and this is reflected in the reduction in payments to suppliers and employees.

During the quarter, the Company also received its Research and Development Tax Incentive refund of \$1.5 million (Q2 FY23: \$1.2 million). The higher refund received is reflective of ongoing investment in research and development activities by the Company.

Net cash from investing activities was \$1.0 million for the quarter. This represents the proceeds from the sale of 48% of its holding in Payble to OIF Ventures, which is described in more detail above and in the ASX announcement dated 19 December 2023.

Net cash used in financing activities was \$1.0 million for the quarter (Q2 FY23: \$0.4 million). During the quarter, the Company fully repaid the loan to Mitchell Asset Management of \$980,000, as described in more detail in the ASX announcement dated 15 November 2023. Payments made to related parties during the quarter were for directors' fees.

The Company closed the quarter with a cash balance of \$1.9 million (Q1 FY24: \$1.6 million), an increase of \$0.3 million. Subsequent to the quarter end, the Company has received in excess of \$0.5 million receipts from customers as a result of renewals of annual licence agreements by various customers.

Ends

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

## About Identitii

Identitii powers the way organisations store, transmit and share sensitive data. Our platform has been designed to help organisations reduce the time and cost required to effectively and scalably manage their data compliance needs through collaborative workflows that connect internal teams, customers, partners and industry bodies while enhancing the protection of that data. We built this for the way data should be.

For more information visit: [www.identitii.com](http://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")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	96	127
1.2 Payments for		
(a) research and development	(647)	(1,364)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(4)	(22)
(d) leased assets	-	-
(e) staff costs	(186)	(457)
(f) administration and corporate costs	(511)	(1,328)
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	1,527	1,527
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>275</b>	<b>(1,517)</b>
<b>2. Cash flows from investing activities</b>		
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 (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	1,000	1,000
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>1,000</b>	<b>1,000</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	20	2,159
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	(28)	(38)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(980)	(980)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(988)</b>	<b>1,141</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,639	1,287
4.2	Net cash from / (used in) operating activities (item 1.9 above)	275	(1,517)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,000	1,000



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(988)	1,141
4.5	Effect of movement in exchange rates on cash held	14	29
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,940</b>	<b>1,940</b>

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	1,940	1,639
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>1,940</b>	<b>1,639</b>

**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**

135

-

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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

**7.5 Unused financing facilities available at quarter end**

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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 8<sup>th</sup> 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 was fully paid in advance on the date of draw down. The loan was repaid in full during the quarter.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	275
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,940
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,940
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A

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:

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:

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:

### 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: 31 January 2024

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.