

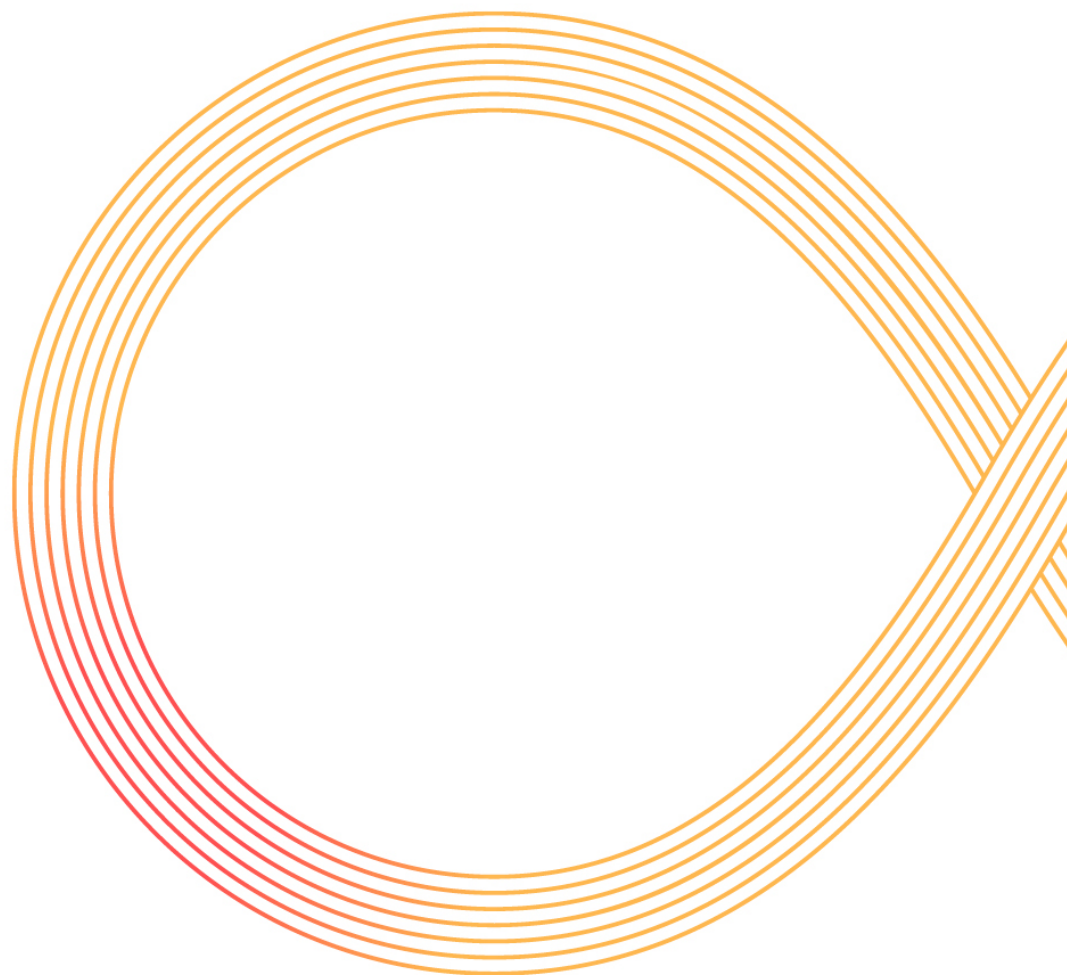


Know Your Transaction

Creating a new, connected ecosystem for commerce

Investor presentation

February 2020 | Identitii Limited | ASX:ID8



Today



Part One

How we have turned
a problem into an
opportunity



Part Two

Our business,
and how we'll grow



Part Three

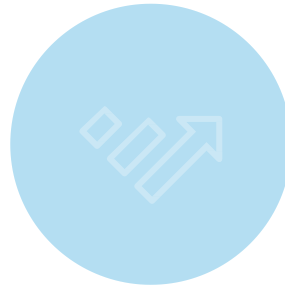
Financials
and Q&A

Today



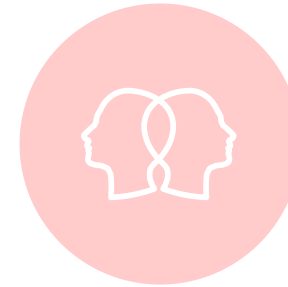
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The Problem:

\$9 trillion

is locked up on corporate balance sheets because of missing information.¹

71%

of information is being sent over legacy channels today – fax, post (cheques & remittance advices), phone call, email.²

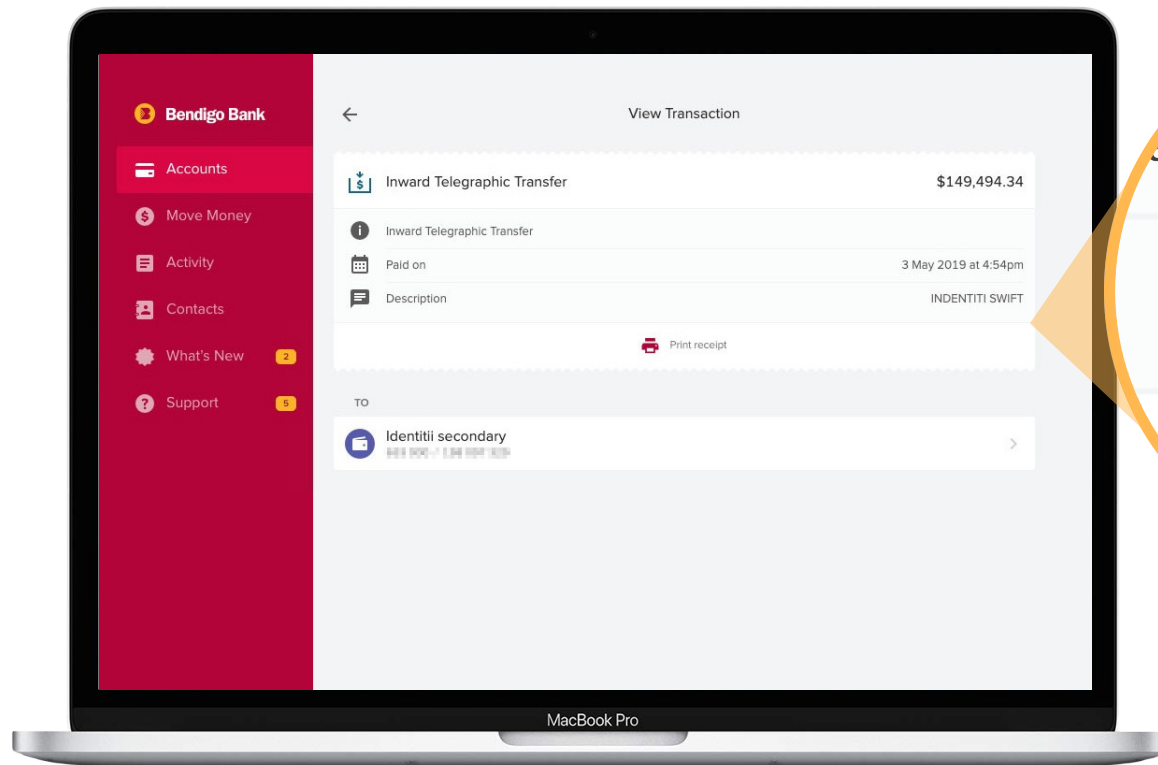
A burden on business This requires humans in the chain, and is a huge pain point for banks, suppliers, buyers and regulators.

The benefits

If this cash can be freed up, companies can supply more goods, make payroll, provide discounts to buyers, and reduce borrowing costs.

1. <https://blog.tradeshift.com/the-9-trillion-dollar-question-why-is-so-much-liquidity-locked-up-in-the-supply-chain/>
2. https://www.jpmorgan.com/global/ts/future-of-automated-reconciliation?source=cib_di_jp_irri0518

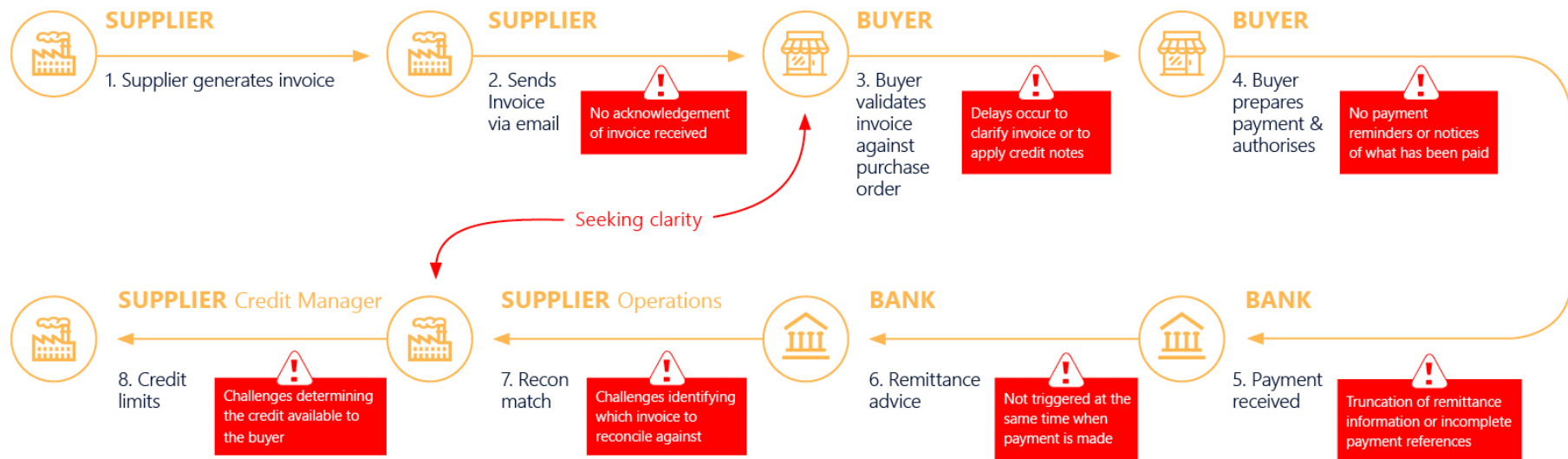
Without information, payments are meaningless:



ay 2019 at 4:54pm

IDENTITI SWIFT

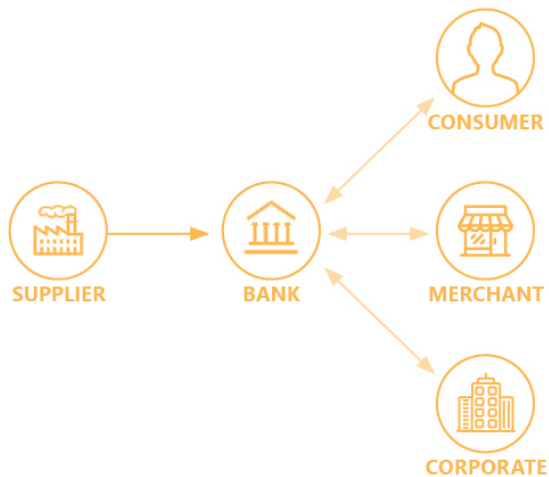
Friction exists at every step as information moves in a linear chain



The solution: create an ecosystem for suppliers, buyers, banks, corporates and regulators

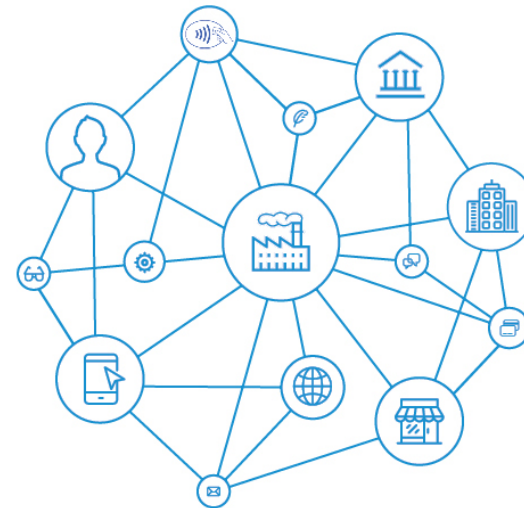
TRADITIONAL BANKING

A linear payments chain with limited visibility



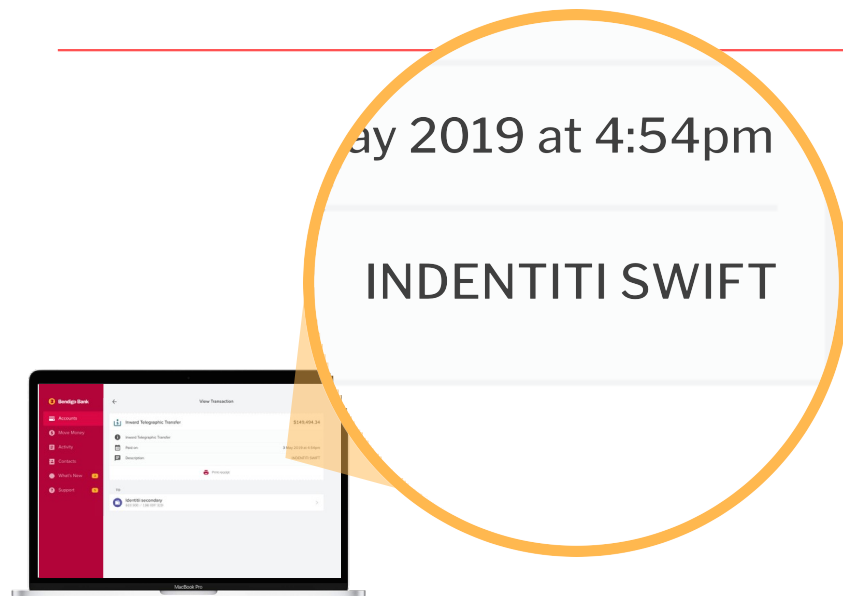
PEER-TO-PEER ECOSYSTEM

Direct communication between any party, with data flowing in multiple directions

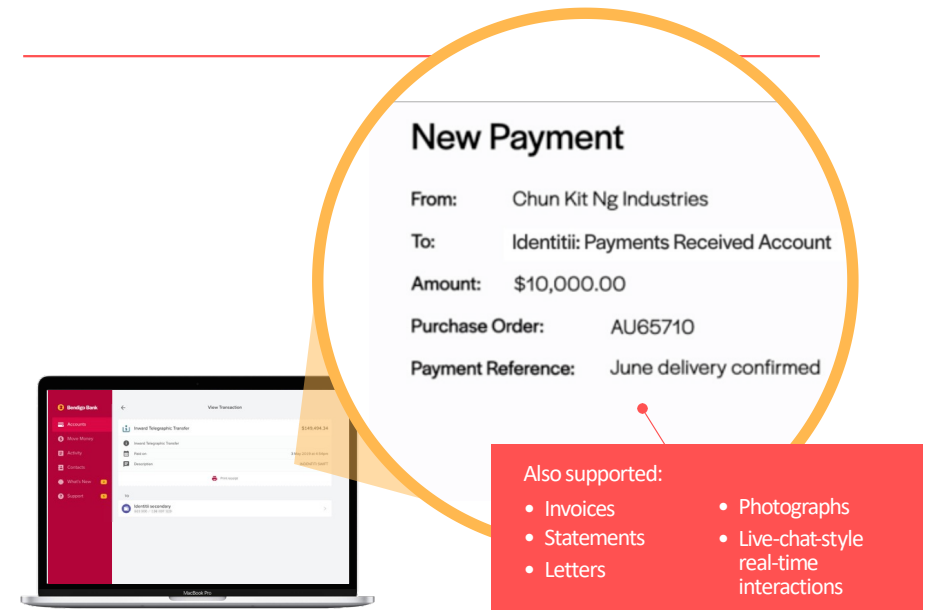


This is all possible with no change to legacy systems

Current



With Overlay+



Powered by the Corda Enterprise blockchain³

Leveraging an existing banking network to reach scale.
Open source. Enterprise scale. Run by financial institutions.



3. Corda is an open source blockchain protocol supported by R3. The Corda Network is a publicly-available internet of Corda nodes operated by network participants.

Overlay+ is Identitii's software platform that enables connectivity to the ecosystem



Our patent pending TokenID links up all the information required in a transaction



Overlay+ Solution Portfolio



Overlay+ ISO 20022

Maintain data integrity across payment systems and message formats in time for the ISO 20022 deadlines

Bank-to-Bank and Bank-via-Payment Network



Overlay+ Reporting

Collect, govern and share transaction data with regulators, including AUSTRAC, to reduce the compliance burden

Bank-to-Regulator

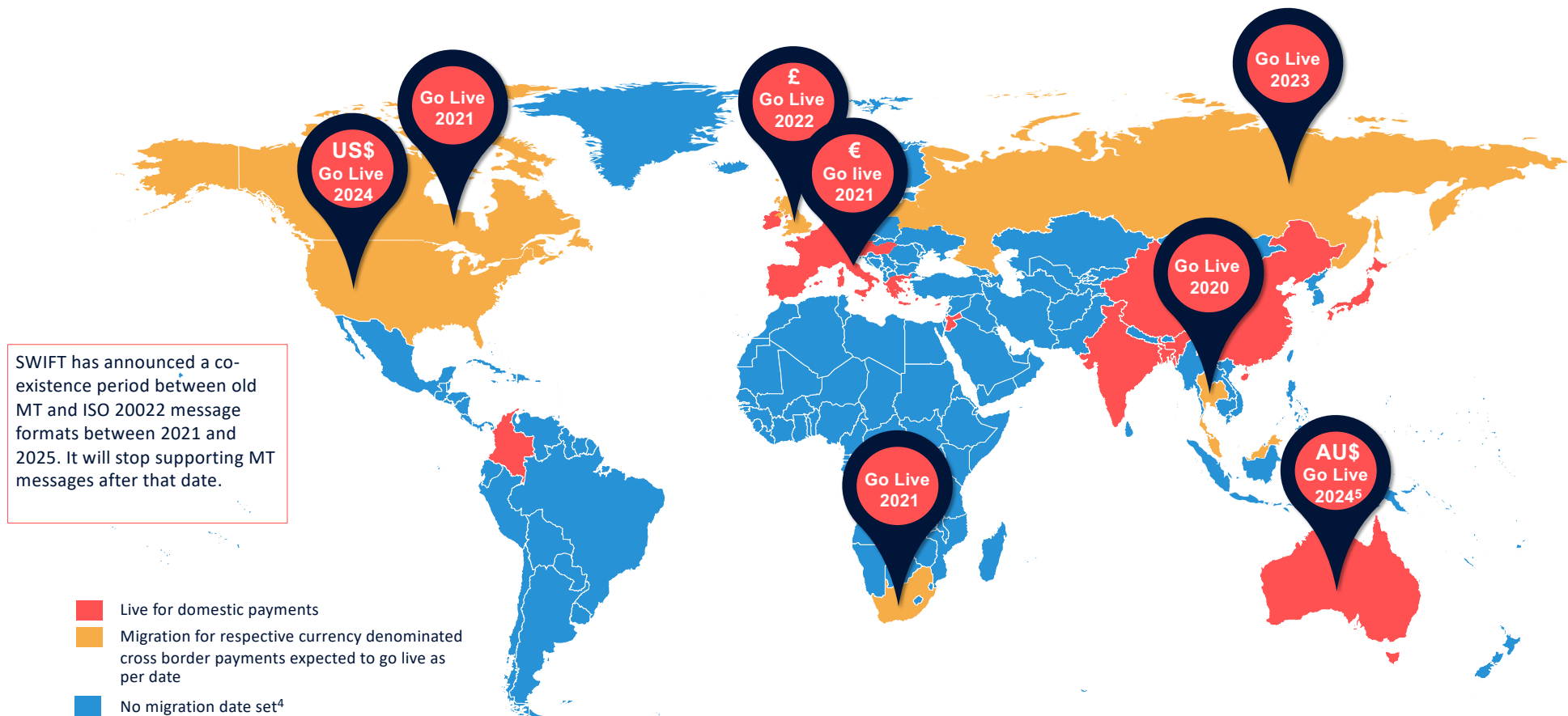


Overlay+ Counterparty Assurance

Maintain open counterparty banking channels, even in high risk markets, using Know Your Transaction

Bank-to-Bank

Global payment systems are moving to ISO 20022



4. Q4 2025 SWIFT's coexistence period ends, meaning the MT103 will no longer be supported by SWIFT
5. NPP payments are already live on ISO 20022

Current migration options

Migrate

Revising all payment processing capabilities can be costly and risky, as it involves changing deeply intertwined and often heavily customised core solutions

OR

Translate

Translation services alone have limitations including network lock-in and the loss of structure to data as it is translated between rich and less rich formats

Overlay+ ISO 2022 enables secure sharing of structured or unstructured information, translating between formats, tracking mutations and reintegrating rich information into translations whenever available

Right first time AUSTRAC reporting

Overlay+ Reporting helps banks and regulators manage the increasing volume of transaction data required by regulators using blockchain and tokenisation, without impacting core systems

High profile cases mean 14,865 AUSTRAC reporting entities are under a spotlight.

The data needed for reporting is available, but often inaccurate, with no single source of truth across silos and legacy technology systems.

This is complicated when reporting is done via a third party or when local regulatory reporting is handled through a centralized, global system that isn't managed in Australia.

For correspondent banks reporting via a third party

Know reporting is accurate and manage it at a local level

For Australian banks reporting directly to AUSTRAC

Know which transactions to report, for right first-time reporting

\$745M⁶

Fines levied by AUSTRAC to date

155M⁶

IFTI's done every year

10⁶

Arrests as a direct result of AUSTRAC

246,458⁶

Suspicious Matter Reports

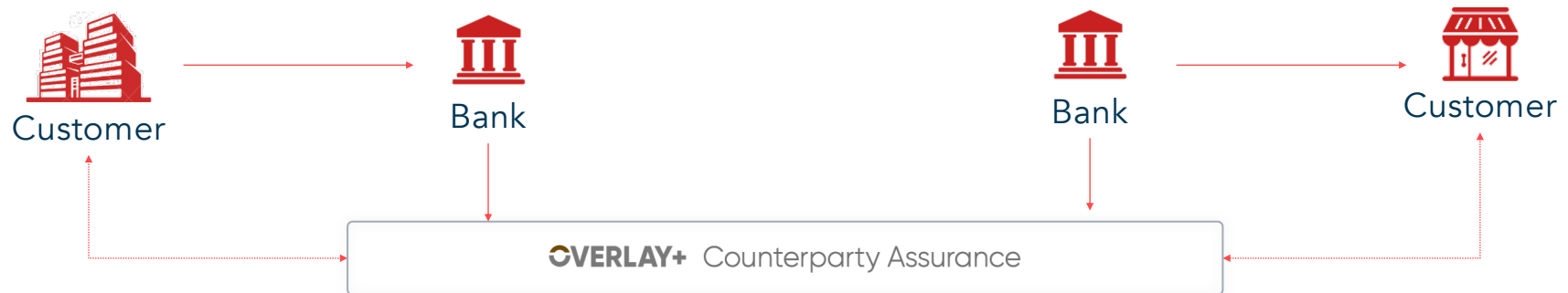
2.6M⁶

TTRs reported

6. Internal AUSTRAC figures from www.austrac.gov.au

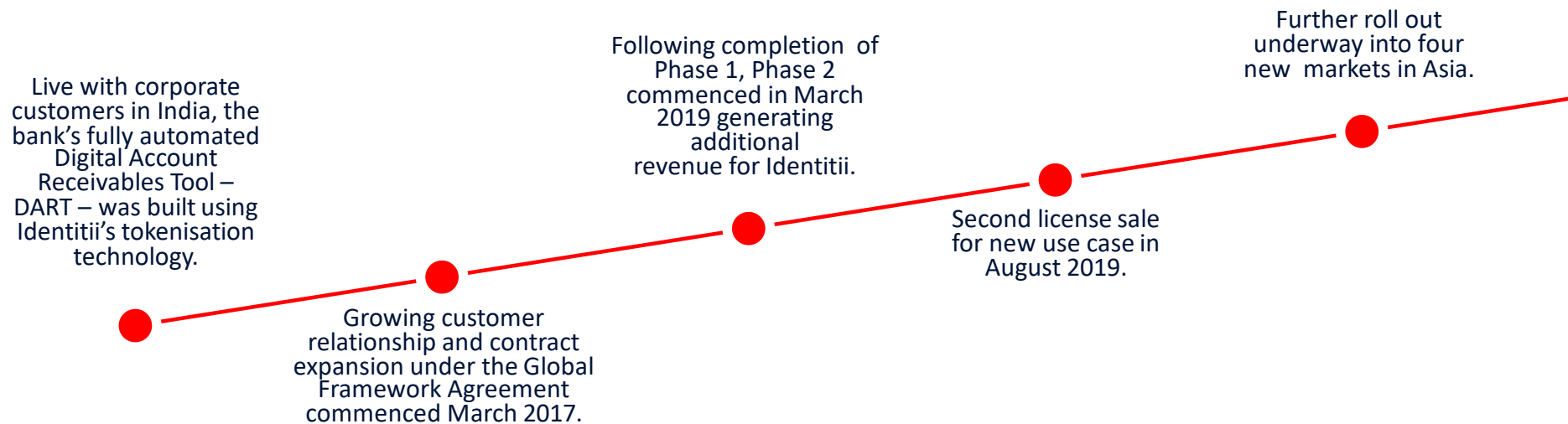
Maintain open counterparty banking relationships, even in high risk markets

Overlay+ Counterparty Assurance enables permissioned sharing of KYC information and documents



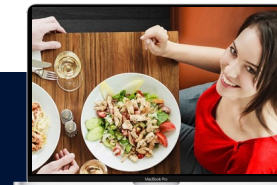
Improving the transparency of Know Your Customer (KYC) and Know Your Transaction (KYT) requirements improving financial crime compliance processes and reporting requirements for all parties

A global bank: an Identitii client since 2017



THE CLIENT: KEY FACTS

- Serving 39 million customers across 66 countries and territories⁷
- Total assets of US\$2.6 trillion and revenue of US\$53.8 billion⁷
- Top 10 bank in the world by total assets⁸



7. Annual Report and Accounts 2018

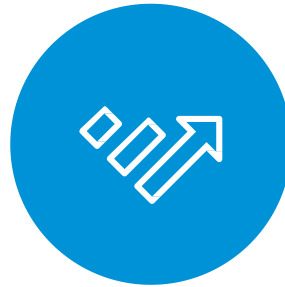
8. 2018 S&P Global Market Intelligence report of the 100 largest banks in the world

Today



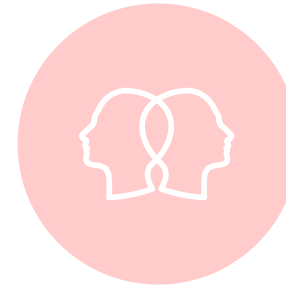
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Part Two

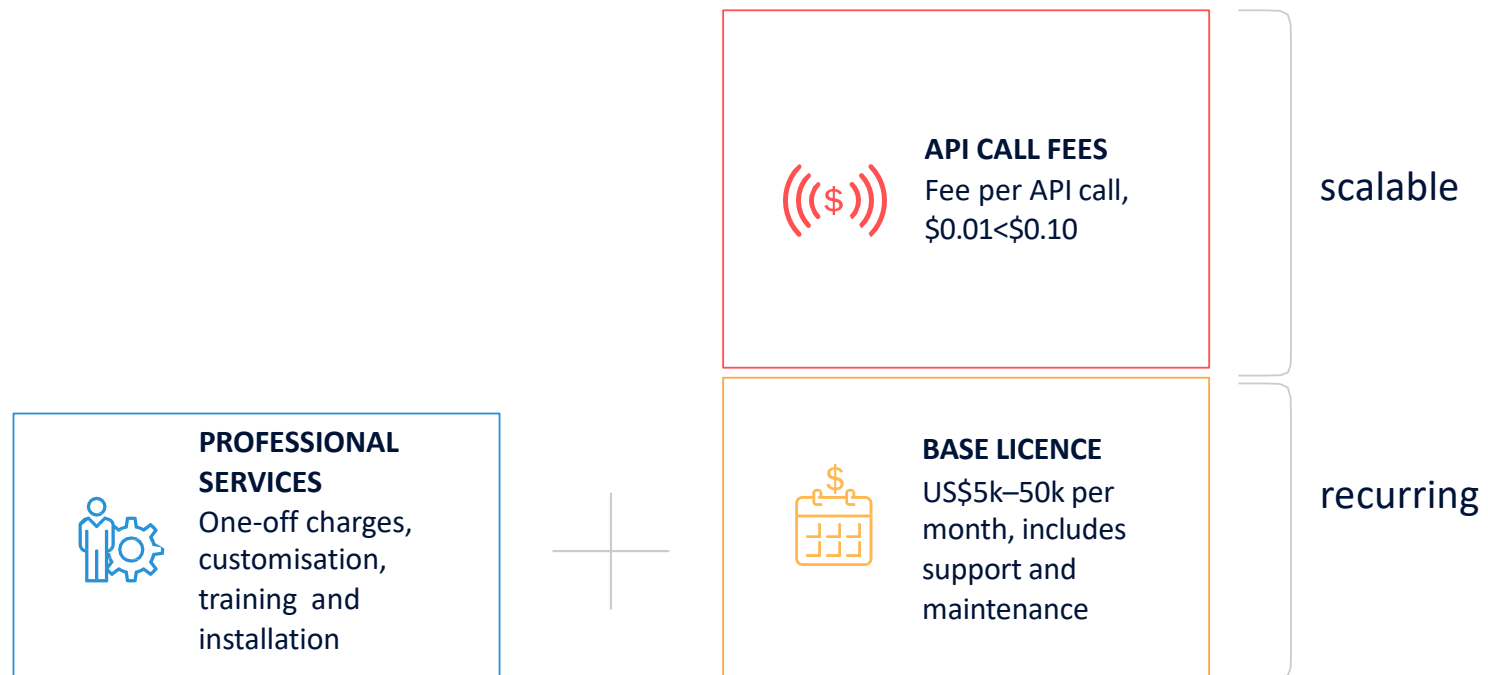
Our business,
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Our revenue streams



Our two-pronged approach to growth

- 1 bank can access many corporate customers
- Banks as a Partner (BaaP) sales strategy to accelerate sales conversation and educate corporate customers

Targeting:

- Tier 1 (\$200bn+ assets)
- Tier 2 (\$50bn+ assets)
- Tier 3 (\$20bn+ assets)



- Corporates and SMEs in Asia-Pacific are already preparing for open banking
- Corporate engagement strategy to help banks introduce corporate customers to Overlay+ to drive transaction volume

Targeting:

- Medium to Large size corporates

9. The Accuity Bankers Almanac reportedly contains data of over 25,000 banks globally: <https://accuity.com/bankers-almanac-for-payments/?intcmp=ba-payments-home-page>

10. Capgemini BNP Paribas, 2019, "World Payments Report 2018", <https://worldpaymentsreport.com/wp-content/uploads/sites/5/2018/10/World-Payments-Report-WPR18-2018.pdf>.

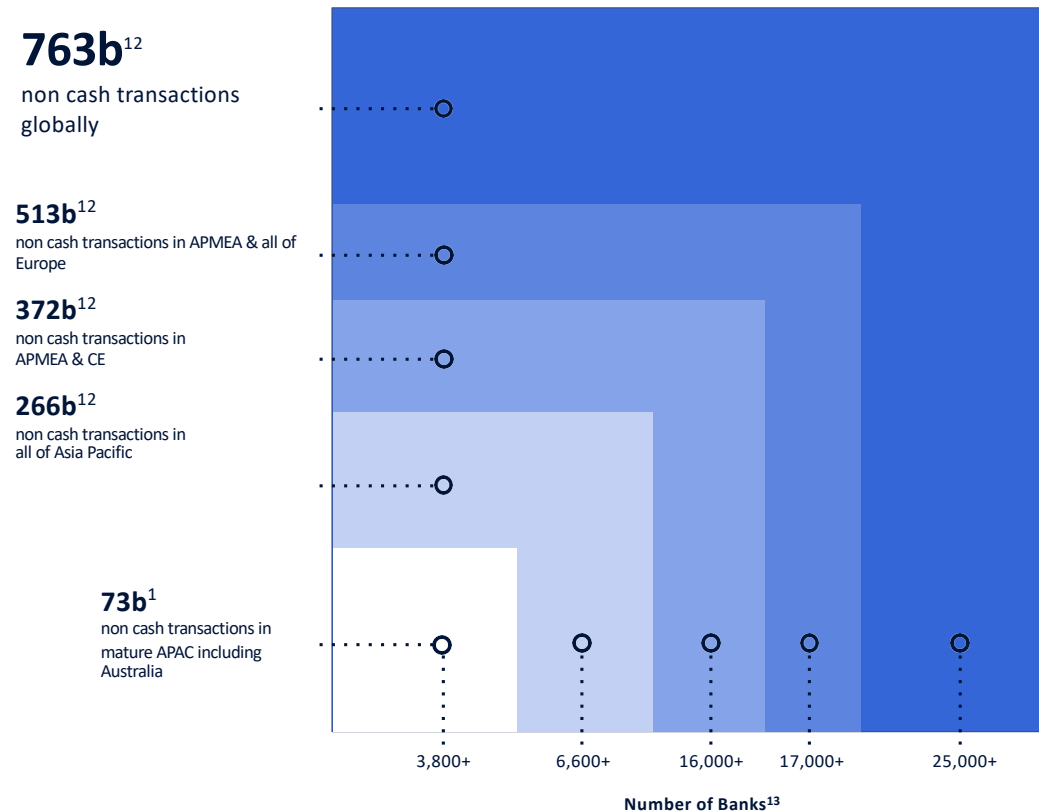
Commenced to stage 2 in our growth strategy



Our BaaP enablement program helps banks to adopt and drive transaction volume through the platform, with collateral and training material to engage corporates and their customers.

11. The Accuity Bankers Almanac reportedly contains data of over 25,000 banks globally: <https://accuity.com/bankers-almanac-for-payments/?intcmp=ba-payments-home-page>.

Driving transaction volume through corporate enablement program



12. Capgemini BNP Paribas, 2019, "World Payments Report 2018", <https://worldpaymentsreport.com/wp-content/uploads/sites/5/2018/10/World-Payments-Report-WPR18-2018.pdf>.

13. The Accuity Bankers Almanac reportedly contains data of over 25,000 banks globally: <https://accuity.com/bankers-almanac-for-payments/?intcmp=ba-payments-home-page>

Expanding reach through partnerships



ISO 20022 partnership

- Leading message transformation software provider, Trace Financial
- Jointly targeting SWIFT member banks to help them comply with ISO 20022, a new financial message standard



Microsoft 'Co-Sell Ready'

- Commercial opportunities within Microsoft's global customer base
- Opportunity to combine Overlay+ with Microsoft's products, including Azure
- Access to Microsoft's global sales expertise and marketing capabilities

Recent progress



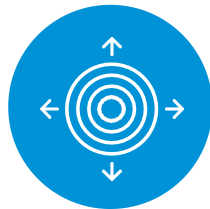
Second licence signed with
Tier 1 global banking
customer



First use case of tokenisation
technology, DART, now live and
commercialisation of new use
case for Overlay+



Selected by ACCC to
test Open Banking
ecosystem



Expanding customer
reach through
partnerships



Appointment of key
executives to complete
Senior Leadership Team



Continued technology
development and innovation
accelerated by
Loot license

Overlay+ is the only blockchain technology offering multiple use-cases



Target market	Large banks and corporates	SME	Start ups and SME, Banks and corporates	Large to small banks and enterprises and consumers	Banks and financial institutions	Large banks and corporates SME and banks	Consumers & SME	Consumer and SME	Large corporates	Banks	Consumer and SME
Blockchain	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
O2C	✓	✓	✓	✓		✓		✓	✓		
ISO	✓										
Reporting	✓				✓			✓		✓	

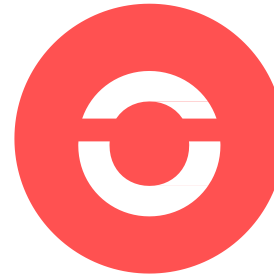
Upcoming catalysts



Further bank
partners



New licences and
revenue growth



Future Overlay+
releases



Strategic
partnerships

Investment highlights



Identitii helps release the estimated \$9tn locked up on corporate balance sheets globally because of missing payment information



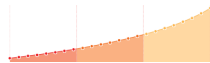
Industry initiatives such as Open Banking and the increasing competitiveness of FinTechs mean banks must act now or lose corporate customers



Expanding relationship with existing customer HSBC, plus growing sales pipeline



Scalable tech platform that enables modular solutions for multiple use cases



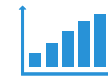
Large addressable market and growing pipeline of customers



Built on market leading technology and driving continuous innovations internally through R&D



Experienced management and Board with strong payments industry expertise



Revenue generating technology 242% y-o-y growth FY18-FY19

High calibre leadership

Board



Michael Aston
Independent Non-Executive Chairman

Mike is an experienced company director, executive and FinTech entrepreneur with a multinational career in building and leading global technology businesses. Currently, Business Executive Advisor to Accenture to support its strategy for addressing the transforming payments landscape for financial services



Nicholas Armstrong
Executive Director
CEO & Co-founder

Nick is an experienced technology entrepreneur & company director, having previously founded and run EnergyLink, a company which provides energy management software linking IoT and predictive analytics to help large power users save money



Peter Lloyd
Independent Non-Executive Director

Peter has held a number of executive and board positions at large and small technology focused organisations, including ASX listed companies, helping them take advantage of market opportunities and achieve growth potential



Nathan Lynch
Independent Non-Executive Director

Nathan has more than 15 years' experience in financial regulation and financial crime intelligence across APAC. He is currently the manager of regulatory intelligence for a leading global fintech player and publishing house. Nathan also co-founded the ANZ operations of leading global financial compliance and technology company, Complinet, in 2008.

Leadership team



Margarita Claringbold
Chief Financial Officer



Ben Buckingham
Chief Product Officer



Layla Bates
Head of People and Culture



James Andrew-Smith
Chief Information Officer



Clare Rhodes
Chief Marketing Officer



Elliot Shepherd
Chief Technology Officer



Elissa Hansen
Company Secretary



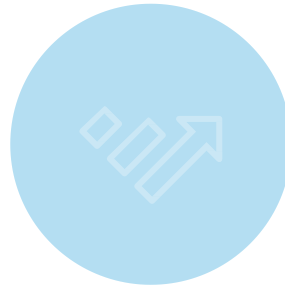
Martin Botica
Head of Client Engagement

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Capital structure and register composition

Capital structure

ASX	ID8
Date listed	17 October 2018
Share price ¹	A\$0.30
Ordinary share on issue ¹	54.5m
Market capitalisation (undiluted) ¹	A\$16.4m
Unlisted options ²	7.9m
Pro forma cash at 30 September 2019	A\$3.1m
Debt at 31 December 2019	-

Share register composition

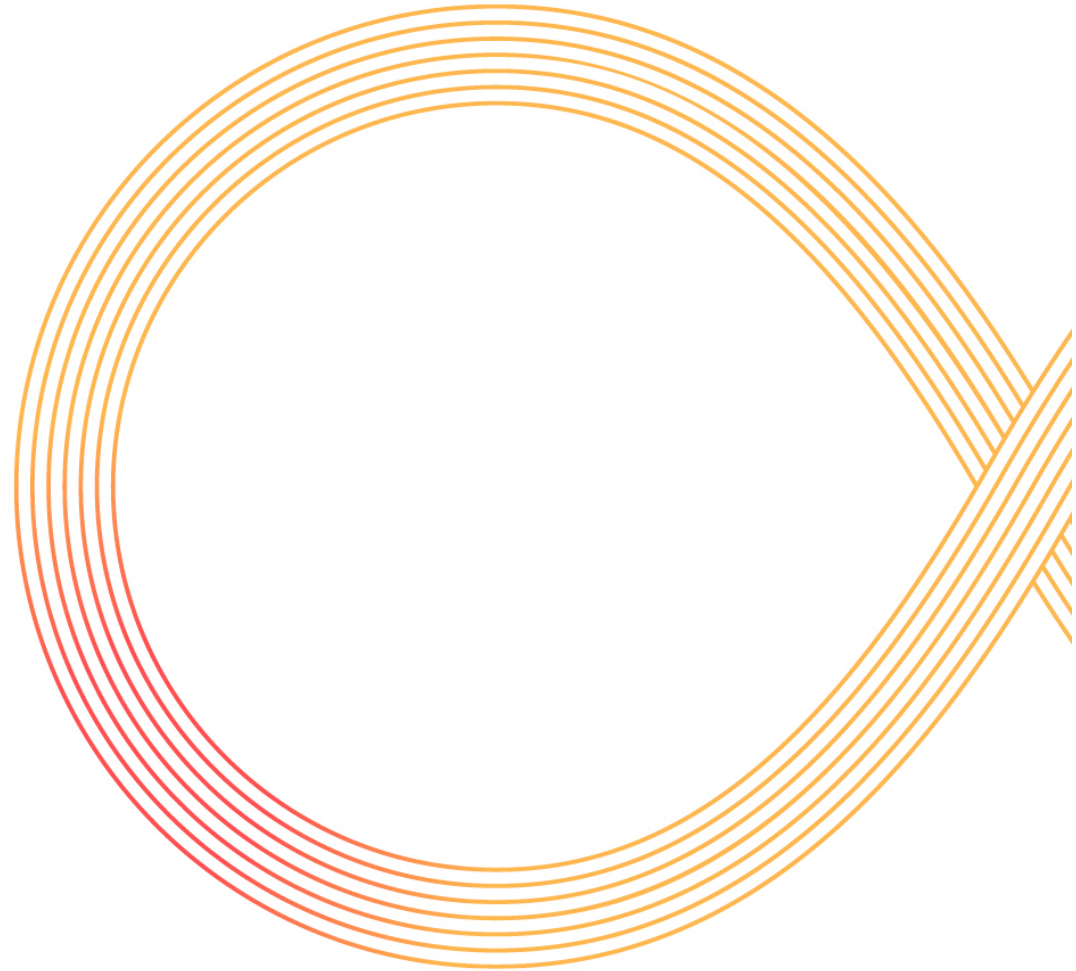
Directors and employees	33.5%
Top 20	83.7%
Mr Nicholas Armstrong (Co-founder)	17.2%
Regal Funds Management (Sydney)	11.4%
KTM Ventures	10.9%
Dr Eric R Knight (Co-founder)	8.5%
Mr Damian Roche	5.6%

1. At 31 January 2020

2. Board and employees represent 6m unlisted options

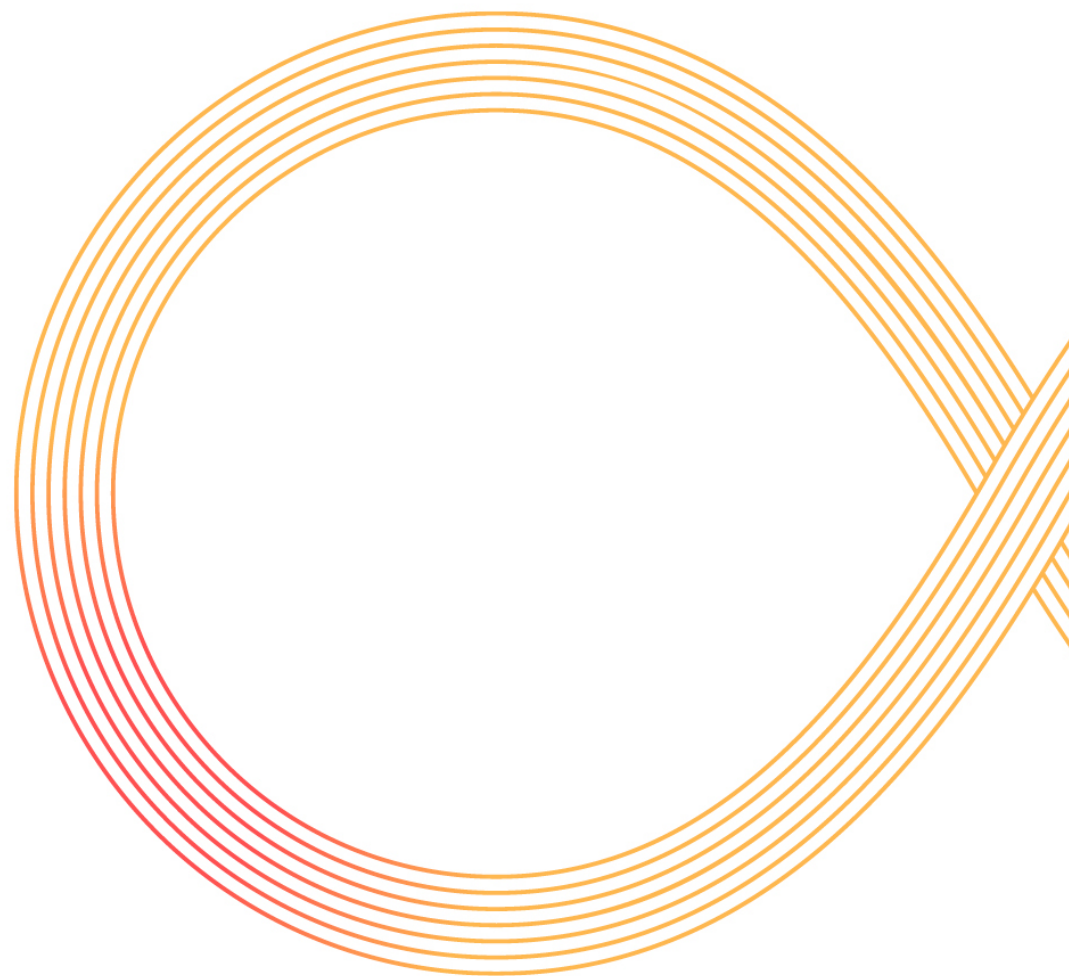


Know Your Transaction





Appendix



Global Tier One Banking Customer

- Identitii has been working with its customer HSBC under a Global Framework Agreement since 2017. This innovative work has focused on solving the challenge of simplifying and automating the flow of information between HSBC corporate clients and their customers in the receivables process.
- In June 2019, HSBC announced the launch of its Digital Accounts Receivable Tool (HSBC DART) to its corporate clients in India. HSBC DART was built on Identitii's innovative tokenisation technology for HSBC's Global Liquidity and Cash Management (GLCM) business and it integrates with HSBC's existing receivables technology infrastructure.
- HSBC DART uses a unique information layer to securely communicate information associated with an invoice or payment. This streamlines the client experience and automates the accounts receivable process for HSBC's corporate clients and their network of buyers, by reducing their dependence on manual processes. In turn, this enhances working capital efficiency.
- Following the launch of HSBC DART in India, Identitii is now enabling HSBC as it rolls out HSBC DART into new geographies in Asia.
- In addition, Identitii signed a new licence agreement to provide its Overlay+ platform to HSBC Australia following the end of the financial year, in August 2019. This represents the second licence agreement for Identitii's technology under the existing Global Framework Agreement. Overlay+ is expected to go live with HSBC Australia following implementation work which will be completed in Q2 2020.



Buying catalyst 1: Open Banking

86%

of large corporations are already participating in Open Banking ecosystem platforms or plan to do so in 2019.

80%

of banks have already invested in Open Banking for SMEs and Corporate customers or plan to do so in 2019.

50%

of banks expect Open Banking for SME and Corporate clients to provide between 5–10% banking revenues growth over the next 3–5 years.

75%

of large corporations would be more interested in joining an Open Banking ecosystem platform with banks.



Buying catalyst 2: ISO 20022 Migration

ISO 20022 is the **global messaging standard** for financial business transactions. Migration has far-reaching implications for all banks, corporates and other important financial stakeholders; and compliance is required in the US and some AP markets by 2020, Europe by 2021 and the UK by 2022.¹

SWIFT requires all banks to be able to receive ISO 20022 messages by Nov 2021 and be fully compliant by 2025.²

80%

Volume of high-value payment transactions that will support the ISO 20022 standard globally within the next 5 years.²

100%

WIFT survey respondents that selected the ability to achieve greater STP as the reason for considering ISO 20022.³

80%

SWIFT survey respondents who indicated that the cost-benefit analysis for migrating to ISO 20022 was positive.³

75%

SWIFT survey respondents that indicated that their organisation is currently investigating the use of blockchain or APIs in relation to ISO20022.³



1. Deutsche Bank, April 2019, "Ultimate guide to ISO 20022 migration".

2. SWIFT, April 2018, "ISO 20022 migration: the time is now", <https://www.swift.com/news-events/news/iso-20022-migration-the-time-is-now>.

3. SWIFT, March 2019, "The Asia-Pacific Securities Market Infrastructures landscape Has ISO 20022 arrived yet?" <https://www.swift.com/news-events/news/taking-the-pulse-of-iso-20022-adoption-by-apac-securities-market-infrastructures> – based on questionnaire responses from eight SMLs.

Buying catalyst 3: FATF16

FATF is a global taskforce designed to reduce **financial crime**, with many member countries transposing the recommendations into local regulations.¹ FATF Recommendation 16, for example, requires financial institutions to provide information not just about the originator of a payment, but also the beneficiary, as part of its anti-money laundering, terrorist financing and other financial crime obligations.²

US \$321b

Amount banks globally paid in fines between 2008-17 for regulatory failings from money laundering, market manipulation and terrorist financing activity.³

A \$700m

Amount of money Commonwealth Bank was fined (plus legal costs) in 2018 for breaches to anti-money laundering and counter-terrorism financing laws.⁴

2–5%

Percentage of global GDP (or US \$800 billion – US \$2 trillion) estimated to be laundered globally per year.⁵

US\$1.5b

Annual compliance budget for banks surveyed in 6 Asian markets: China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand.⁶



1. Deutsche Bank, Sept 15, "Industry Update: FATF/EU Funds Transfer Regulation": <https://www.cib.db.com/insights-and-initiatives/flow/33364.htm>

2. ACAMS, Nov 2016, "Navigating FATF Recommendation 16: <https://www.acamstoday.org/navigating-fatf-recommendation-16/>.

3. Boston Consulting Group, cited in Bloomberg, March 2017: <https://www.bloomberg.com/news/articles/2017-03-02/world-s-biggest-banks-fined-231-billion-since-financial-crisis>.

4. [https://www.abc.net.au/news/2018-06-04/commonwealth-bank-pay-\\$700-million-fine-money-laundering-breach/9831064](https://www.abc.net.au/news/2018-06-04/commonwealth-bank-pay-$700-million-fine-money-laundering-breach/9831064)

5. UNODC: <https://www.unodc.org/unodc/en/money-laundering/globalization.html>

6. Lexis Nexis, 2016, "Uncover the True Cost of Anti-Money Laundering & KYC Compliance".

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