



Know Your Transaction

# Identitii (ASX:ID8) FY22 Annual Report Webinar

John Rayment, CEO, Identitii

1 September 2022



# Agenda

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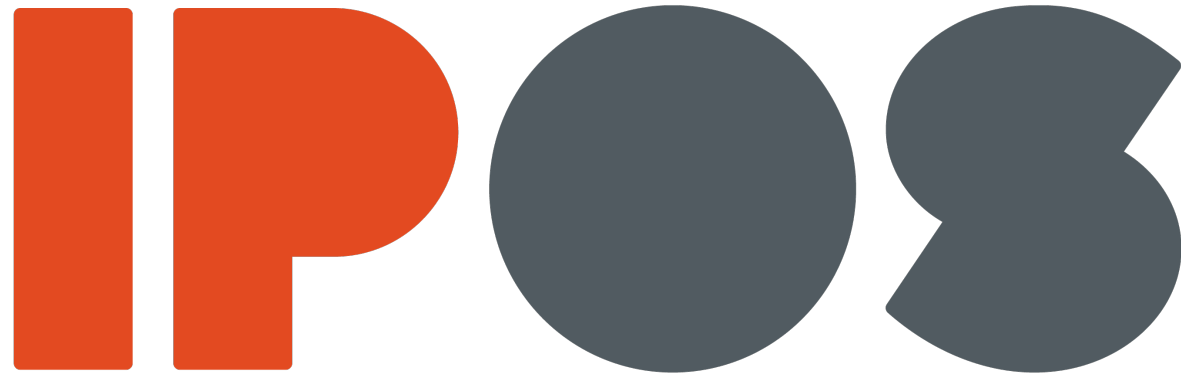
1. Welcome
2. The global opportunity
3. Review of our strategy
4. Look back at 2022
5. Look ahead to 2023
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# Breaking news

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Identitii receives Singapore Patent approval



INTELLECTUAL PROPERTY  
OFFICE OF SINGAPORE

Singapore Patent covers the same invention as the granted U.S. Patent

Creates a "Portfolio of Patents" increasing the potential for value

Validates our first-mover position and reinforces our longer-term vision

In-part, the patented invention is used today by Mastercard XB



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# Our future

We are building one **data platform** to  
help the global financial services  
industry **reduce financial crime**



# Meeting Anti Money Laundering and Counter Terrorism Financing reporting is *very difficult*

The financial, reputational and personal risk for Companies, Boards and even Executives is extreme, and growing every day

2020-2021 regulatory fines:



**Totalled US \$16B**  
globally across the industry<sup>1</sup>

## FINANCIAL REVIEW

### Why \$2b in bank fines was necessary

AUSTRAC boss Nicole Rose doubts the banks would have spent millions of dollars fixing their systems without the \$2 billion in fines the regulator has extracted over the past two years

Sep 25, 2020

## FINANCIAL REVIEW

### Commonwealth Bank settles AUSTRAC case for \$700m

Jun 4, 2018



### Westpac to pay \$1.3bn fine over AUSTRAC breaches

Sep 24, 2020



### UK AML fines hit record as criminal convictions sought

Feb 8, 2022



### The High Court in Wellington fines TSB NZ\$3.5M

Sept 1, 2021



### Crown, Star risk steep fines as AUSTRAC swoops ...

Jun 8, 2021



### BNZ put on notice over AML rules technical error

Jul 8, 2022

# *The Problem* is disparate information, manual processes, regulator ambiguity and lack of automation

This problem exists in financial institutions, money transfer businesses, insurance companies, casinos and more, *all over the world*

...and we have **very few** competitors

## AML/CTF reporting today

∞ identitii

Information for reporting sits **across multiple systems and teams**

Compliance is often managed **by people, spreadsheets and email**

Leadership has no oversight over whether **reporting is being done right**

Legislation is ambiguous, **leaving rules open to interpretation**

A lack of skilled resources makes it hard to **spreadsheet and email**

Every regulator wants different **information and rules constantly change**

# *The Solution* is the Identitii platform, that automates complete and accurate reporting to regulators

One Platform, hosted in our own cloud environment, adhering to strict ISO27001 information security standards, with streamlined operating costs

**1** Identitii gives its customers **assurance and oversight** of their AML/CTF reporting obligations by giving them:



**ONE SINGLE VIEW**  
OF ALL TRANSACTIONS



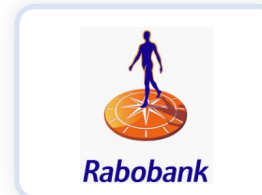
**2** Then automates the processing and submission of complete and **accurate reports to regulators to:**



**MINIMISE THE RISK**  
OF NON-COMPLIANCE



Trusted by some of the world's leading financial institutions





*The Opportunity* for Identitii is significant, and exists in multiple markets all over the world

Global spending on RegTech will increase over 200% by 2026, reaching **US\$204B<sup>2</sup>**

Major market drivers:

- Government regulatory enforcement
- Increasing financial crime
- New industry players
- Accelerated digital adoption
- Increased intelligence sharing

**US\$287B<sup>3</sup>**

The amount regulated entities currently spend **internally** to meet compliance and regulatory obligations

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# **Diverse go-to-market strategy**, focused on direct and indirect sales channels, and acquiring payments industry expertise

Large enterprise sales opportunities will increase, following several global early-adopter customers, further expedited by focus on multiple engagement points, with additional SaaS revenue generating linear income



## **Hiring payments industry experts**

Sales, product and technology people who understand the problem and the buying cycle



## **Direct focus on enterprise clients**

Sales and marketing to global and local banks, their problem owners and their budget holders



## **SaaS to capture non-enterprise**

Large number of smaller non-bank clients increase revenue and cash flow predictability



## **Partnerships to grow distribution**

Complimentary sales and marketing with firms like Deloitte, PwC and Ashurst Risk Advisory



## **Highly active with industry bodies**

Memberships and sponsorship engagements with RegTech Association, ACAMS and more



## **Leverage fintech challenge wins**

Technology recognised by SWIFT, Mastercard, Citi, Deloitte, Accenture, KPMG, Regulation Asia

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# Hiring payments and technology expertise from within the financial services industry has been enormously beneficial

This expertise has identified our own legacy technology debt, running many products, on many platforms, in many environments, at high cost – with few customers and low revenue

Customer	Product	Platform	Environment
HSBC HK	DART	Serra	Physical, theirs
HSBC AU	Reporting	Overlay+	Google, theirs
Mastercard	Request	Overlay+	Azure, ours
Novatti Group	Reporting	O+ SaaS	AWS, ours
SCB AU	Reporting	New Plat.	AWS, ours
Rabobank	Reporting	New Plat.	AWS, ours

The good news is, there is **strong demand** for our Reporting platform

# Growth strategy progress

## Deliver

- ✓ Patrick Vu joined to lead product
- ✓ New SaaS platform launched to boost addressable market
- ✓ Novatti went live with SaaS platform for AUSTRAC reporting
- ✓ HSBC launched DART, built on Identitii technology, in Australia and Singapore
- ✓ \$0.9 million R&D Tax Incentive rebate received
- ✓ \$7.4 million raised via Placement and Shareholder Rights Issue



Novatti

## Land

- ✓ Global payments company Novatti signed three-year licence
- ✓ Standard Chartered Australia signed three-year licence
- ✓ Rabobank signed five-year licence
- ✓ New platform sandbox release enabling accelerated new customer growth



Novatti

## Expand

- ✓ Identitii platform processed over 3.0 million payment messages
- ✓ New Board welcomes former banking and international payments CEOs
- ✓ New CFO with former ANZ, Thomson Reuters and Nestle finance leader
- ✓ Revenue from customers up 7% from FY21
- ✓ 684% growth in revenue from customers (FY18-FY22)

THOMSON REUTERS



## Innovate / Connect

- ✓ Strategic initiatives to monetise US patent progress
- After the end of the period:
- ✓ Granted Patent approval in Singapore



uspto

## Payble

- ✓ CBA invested additional \$0.7 million in Payble
  - ✓ Elise Fairbairn, MD IB&M joins the Board
  - ✓ New revenue generating contracts with:
    - ✓ City of Kingston
    - ✓ Moreton Bay Council
    - ✓ Cessnock City Council
- After the end of the period:
- ✓ Wingecarribee Council



# FY22 financial performance

	Value	LY var	LY \$	LY %
Customer revenue	\$1.5m	↑	\$0.1m	7%
Total revenue *	\$4.6m	↑	\$1.9m	68%
Operating costs	\$9.6m	↑	\$1.0m	11%
Loss for the year	\$5.0m	↓	\$0.9m	15%

\* includes government grants, plus a \$1.9m gain on loss of control of Payble

*"We have been through a year of change and relentless focus on market opportunity. I am delighted by the extraordinary commitment of the people and their unwavering belief in the business's future success."*

Tim Phillipps  
Chair

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# One platform, fewer products, many customers

- Continue executing right across our current strategy
  - Hire industry expertise as opportunity arises
  - Relentless focus on selling our Reporting solution
  - Pursue technology and distribution partnerships
  - Remain active within the right industry bodies
- Expand our offering into new global markets
- Execute our One Platform strategy to improve efficiency
- Continue progressing our Patent Portfolio strategy
- Continue supporting Payble together with CommBank

*We are transforming our operating model, moving away from many products, many platforms, high cost, few customers, and migrating new and existing customers to one platform, fewer products, lower costs and scalable revenue*



# Summary of key messages

- Demand for our regulatory reporting platform is strong and growing, in Australia and several other global markets
- Our current go-to-market strategy contains all the right elements for the Company to maximise the opportunity in front of us
- Hiring payments and technology expertise from within the industry has helped us identify what's limiting our growth
- We have a robust One Platform strategy that will streamline our offering, enable faster onboarding and lower operating costs
- By the end of 2023, Identitii will be operating one SaaS platform, serving multiple customers in several countries
- We have two additional assets, both with significant value opportunities, in our growing Patent Portfolio and our Payble joint venture

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# References

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1. Fenergo: <https://resources.fenergo.com/i/1474552-enforcement-actions-in-a-covid-climate/18?>
2. Juniper Research: Global RegTech spend will exceed \$204 billion by 2026; accounting for over 50% of all regulatory compliance spend for the first time. This spend will grow from \$68 billion in 2022; representing growth of over 200% over the next four years. <https://www.juniperresearch.com/researchstore/fintech-payments/regtech-market-size-report>
3. Juniper Research, 'RegTech: Market Opportunities, Challenges and Forecasts 2021-2025'



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