

24 January 2025

Gathid Ltd – Release to ASX

- **4C**
- **Quarterly Activity Statement & Business update**
- **2 new customers added in Q2**
- **ARR Increased to \$1.55m at date of release in Q3**
- **Won Start-up of the Year in the Australian Information Security Association (AISA) 2024 Cyber Security Award category**

Gathid – 4C

The Directors have approved the 4C release for the second quarter of the 2025 financial year.

The Company closed the period with a cash & cash equivalents balance of \$5.64m. (Q1 6.78m)

Annual Recurring Revenue (ARR) increased 12% in the quarter to \$1.35m, up from \$1.2m at the end of Q1 FY25. An increase of over 92% since the end of FY24 (\$0.7m at 30 June 2024).

The company successfully secured contracts with two new customers, bringing the total count to 18. During this quarter, one existing customer renewed their annual subscription, maintaining the very high renewal rate. This continues to underscore the value that the Gathid Platform provides as an ongoing solution for our clients.

The strong renewal performance, coupled with the advancement of new sales opportunities approaching the end of the sales cycle, continue the Board's confidence that Gathid's SaaS platform is steadily gaining traction in the market.

Sales revenue in Q2 was \$390k (up from \$272k in Q1 FY25). The increase relates to the 2 new contracts, the full quarter effect of the new Q1 contracts as well as some additional Services revenue from an existing customer.

The Company's operating activities net cash outflow increased in Q2 from the Q1 quarter mainly due to decreased customer receipts reflecting the contracts closed and paid were of smaller value than in Q1. The spending on staff in Q2 showed a slight increase following a small number of business-critical hires. Corporate and administration costs showed a large increase in Q2 as the company paid

the annual insurance premiums and the FY24 annual audit and tax-related fees. The Company has continued to incur costs in relation to the divestment of its physical security business, including some specific advice regarding the dispute with Bloom. These costs are included in the Payments to Suppliers line in the 4C.

The Board is satisfied that the progress that is being made in the business during this financial year meets its expectations for growth and cost management.

Update on sale of RightCrowd physical security business

Since the completion of the sale of the physical security businesses on 21 September 2023, the period has been challenging as the Board and management have been required to focus on finalising all aspects of the transaction. While efforts have continued through Q2, finalisation has not yet been reached. As previously communicated through ASX announcements on 29 February and 19 April 2024, the Company disputes the Buyer's (Bloom) calculation of the Completion Statement. In accordance with the Sale Agreement, the dispute was referred to an expert for determination. The expert's decision, issued on 27 June 2024, has not been accepted by both parties. Bloom's interpretation of the Determination is that Gathid owes \$666,891 to Bloom, which is disputed by Gathid. Consequently, there remains uncertainty regarding the final amount due or owed for the sale. At the time of this update, the Buyer has petitioned the Court for resolution, and Gathid is preparing a response and defense. The Directors and management continue to explore all options to ensure a satisfactory resolution for Gathid shareholders, but are currently unable to provide a specific timeframe for completion.

Q2 ARR

During the 2nd Quarter of the FY25 year, the Company increased its Software recurring revenue (ARR – Annual Recurring Revenue) from \$1.2m to \$1.35m. Since 30 June 2024 ARR has increased by over 92%, from \$0.7m. The year to date includes 6 new customers for the Gathid Software platform, with 2 new customers in Q2. Only 1 customer was due to renew its subscription in Q2 and did so, with a small increase in software ARR.

New Customer contracts and outlook

In the last Quarter, the company has added 2 new customers. The new customers are in new market verticals for Gathid, which provides further evidence that the Gathid platform can provide a solution for a wide variety of enterprise customers.

Since the end of Q2 a further new customer contract has been added, reflecting the view that there is significant market opportunity for the company's software platform. At the date of this report, The ARR is \$1.55m.

The Board continues to support management in maintaining the growth trajectory of the business but with spending management in mind in line with the FY25 budget. As a result of the level of growth, the Company has undertaken some carefully managed increase in its headcount in order to ensure speed to market of its software platform improvements and to ensure the highest level of

support for its growing customer base. Some additional headcount increases will be required and whilst included in the budget, timing will be managed in relation to the alignment with the sales close cycle.

Marketing strategies have resulted in a pipeline of opportunities in Asia, Australia/Oceania, UK and the USA. With some sales capability now established in those geographies, activity continues on sales negotiation and completion.

Given the continuing challenges related to the completion of the physical security business sale transaction referred to earlier in this announcement, the Board is generally pleased with this progress, in particular the addition of a further 3 new enterprise customers since Q1, and is satisfied that the company has a sales pipeline and marketing strategy to continue growing its client base.

During quarter 2 of FY25 a team from Gathid attended the AISA Australian Cyber Conference in Melbourne and had a large number of conversations with potential prospects for the platform.

Gathid won the Australian Information Security Association (AISA) 2024 Cyber Security Award in the Start-up of the Year category.

Winning this award was not just a milestone for us but a signal to the industry that our unique approach to identity management is setting new standards in how identity is governed and secured. As the industry shifts towards a more dynamic, data-driven approach to identity governance, Gathid is not just adapting to the changing demands of identity governance; we are defining them.

ASX listing and future considerations

The Company continues to wait for the satisfactory resolution of the dispute over the consideration due for the sale of the physical security businesses to be able to provide to the ASX the requisite business spending model for the next 12 months. In addition, the audit opinion in respect of the FY24 Financial Statements will likely result in further actions being required by the ASX before any relisting takes place.

Whilst necessarily focusing on responding to, and resolving, the dispute with Bloom and the development of the Gathid business, the Board continues to actively consider all options available to it in respect of maximizing value to shareholders through cash, revenue and cost initiatives so that action can be taken when it is appropriate to do so.

Peter Hill, CEO and Managing Director said:- "Gathid is making significant progress with the successful expansion into new market verticals and a 120% increase in year-to-date ARR. Winning the 2024 Australian Information Security Association (AISA) Start-up of the Year Award underscores our uniqueness and emergence in the identity market and despite some legacy challenges, our strategic initiatives continue to drive growth and value for our growing customer base.

Selection of Gathid Coverage Throughout Last Quarter

| Date | Publication | Article |
|------------|----------------|---|
| 01/10/2024 | Forbes | 17 Trending Business Topics That Need a CTO's Perspective: https://www.forbes.com/councils/forbestechcouncil/2024/09/30/17-trending-business-topics-that-need-a-ctos-perspective/ |
| 17/10/2024 | Channellife | Gathid Software Earns ISO 27001: 2022 Certification: https://channellife.com.au/story/gathid-software-earns-iso-27001-2022-certification |
| 17/10/2024 | IT Brief | Gathid Software Earns ISO 27001: 2022 Certification: https://itbrief.com.au/story/gathid-software-earns-iso-27001-2022-certification |
| 17/10/2024 | Security Brief | Gathid Software Earns ISO 27001: 2022 Certification: https://securitybrief.com.au/story/gathid-software-earns-iso-27001-2022-certification |
| 17/10/2024 | IT Wire | Gathid Software strengthens security posture with ISO 27001:2022 certification: https://itwire.com/guest-articles/company-news/gathid-software-strengthens-security-posture-with-iso-27001-2022-certification.html |
| 17/10/2024 | KBI Media | Gathid Software strengthens security posture with ISO 27001:2022 certification: https://kbi.media/press-release/gathid-software-strengthens-security-posture-with-iso-270012022-certification/ |
| 24/10/2024 | Forbes | How Digital Transformation has made Identity a Large Attack Surface: https://www.forbes.com/councils/forbestechcouncil/2024/10/24/how-digital-transformation-has-made-identity-a-large-attack-surface/ |
| 25/10/2024 | Forbes | Insider Threats: Expert Ways to Address (And Avoid) Them: https://www.forbes.com/councils/forbestechcouncil/2024/10/24/insider-threats-expert-ways-to-address-and-avoid-them/ |
| 02/12/2024 | Forbes | Taking Identity Governance To The Next Level: Proactive Strategies For A Resilient Security Posture: https://www.forbes.com/councils/forbestechcouncil/2024/12/02/taking-identity-governance-to-the-next-level-proactive-strategies-for-a-resilient-security-posture/ |
| 17/12/2024 | Forbes | Expert Tips To Identify And Act On Data Overload: https://www.forbes.com/councils/forbestechcouncil/2024/12/16/expert-tips-to-identify-and-act-on-data-overload/ |

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Related Entities:

Payments to related entities during the Quarter were \$0.105m which represented the Managing Director and Executive Director's remuneration, and fees paid to the Board of Directors of Gathid.

Note to Market:

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, the projects or both.

Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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The release of this announcement was authorised by the Board of Directors.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Gathid Ltd

ABN

20 108 411 427

Quarter ended ("current quarter")

31 December 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 418 | 1,056 |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | - | - |
| (c) advertising and marketing | (80) | (171) |
| (d) leased assets | (25) | (50) |
| (e) staff costs | (986) | (1,935) |
| (f) administration and corporate costs | (519) | (827) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 33 | 97 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | 15 |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (1,159) | (1,816) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | | (10) |
| (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 | | |
| | (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 cash held by entities disposed of | | |
| 2.6 | Net cash from / (used in) investing activities | | (10) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 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 / convertible debt securities or sale of business streams | | |
| 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 | - | - |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 6,777 | 7,444 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,159) | (1,816) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (10) |

| 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) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | 24 | 24 |
| 4.6 | Cash and cash equivalents at end of period | 5,641 | 5,641 |

| 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 | 5,641 | 6,777 |
| 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) | 5,641 | 6,777 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | (105) |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. Financing facilities <i>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.</i> | 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 Total financing facilities | | |
| 7.5 Unused financing facilities available at quarter end | | 0 |
| 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. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (1,159) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 5,641 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | |
| 8.4 Total available funding (item 8.2 + item 8.3) | 5,641 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 4.87 |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 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? | |
| 8.6.2 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? | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

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.

24 January 2025

Date:

Board of Directors

Authorised by:

(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.

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