

APPENDIX 4D STATEMENT

(Listing rule 4.2A.3)

IDENTITII LIMITED
FINAL REPORT
for the half-year ended 31 December 2022

| Results for announcement to the market | | | | |
|---------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------------|-----|
| | 31 December 2022 | 31 December 2021 | % change to prior year | |
| | \$ | \$ | | |
| 1. Revenues from ordinary activities | 870,533 | 871,487 | down | -% |
| 2. Loss from ordinary activities after tax attributable to members | (3,432,925) | (1,724,365) | up | 99% |

| Dividend information | |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 3. Total dividend per ordinary share | No dividends were proposed for the interim period ending 31 December 2022 and 31 December 2021. |
| 4. Record date for determining entitlements to the final dividend | Not applicable |

| 5. Net tangible asset per security | 31 December 2022 | 31 December 2021 |
|--------------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Net tangible assets | 4,641,069 | 10,222,511 |
| | Number of shares | Number of shares |
| Total number of ordinary shares of the Company | 212,403,725 | 198,351,699 |
| Net tangible asset backing per ordinary security | \$0.02 | \$0.05 |

This information should be read in conjunction with the 2022 Annual Financial Report and any public announcements made in the period by Identitii Limited in accordance with continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's report and the Interim Financial Report for the half-year ended 31 December 2022, which has been independently reviewed by RSM.

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ASX:ID8

Identitii Ltd

ABN: 83 603 107 044

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2022

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Contents

| | |
|-----------------------------------------------------------------------------|----|
| Directors Report..... | 3 |
| Auditor’s Independence Declaration | 5 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income ... | 6 |
| Consolidated Statement of Financial Position | 8 |
| Consolidated Statement of Changes in Equity | 10 |
| Consolidated Statement of Cash Flows..... | 12 |
| Notes to the Consolidated Financial Statements..... | 13 |
| Directors’ Declaration | 24 |
| Independent Auditor’s Review Report | 25 |

About Identitii

Identitii is helping reduce regulatory risk, without replacing legacy technology.

Directors' Report

The Directors' present their report together with the consolidated financial statements of the Group comprising of Identitii Limited (the Company) and its subsidiaries for the half-year ended 31 December 2022 and the auditor's report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Directors

The following persons were directors of the Company for the entire financial period and up to the date of this report, unless otherwise stated.

Mr. John Rayment – CEO & Executive Director

Mr. Timothy Phillipps – Chairman & Independent Non-Executive Director

Mr. Simon Griffin - Independent Non-Executive Director

Ms. Rhyll Gardner - Independent Non-Executive Director

Principal activities

Identitii is a regulatory technology (RegTech) company that helps financial services businesses and other regulated entities gain visibility into, and control over, the data needed to meet financial crime reporting obligations in Australia and around the world.

The Company's cloud platform was built to make reporting to regulators, including AUSTRAC in Australia, easy and automated, and to give Boards and management teams increased confidence that their compliance obligations are being met. It is also helping its customers build trust, credibility and confidence within the industry and with regulators as they work together to combat increasing financial crime.

The strategic business highlights and activities of the Group for the half-year ended 31 December 2022 are noted below.

Review of operations

During the half-year ended 31 December 2022, the Group achieved the following milestones:

- On 29 August 2022, Identitii was granted approval of a Singapore Patent for the same invention as they currently hold a U.S. Patent for.
- On 27 October 2022, the Company announced a 1 for 2 Non-Renounceable Rights Issue to raise up to \$4 million, with the rights issue shares to be issued at \$0.04 per share, together with 1 free attaching option for every 2 shares applied for and issued. The options are exercisable at \$0.08 with a two-year expiry.
- On 8 December 2022, the Company launched its automated Financial Crime reporting to New Zealand's Financial Intelligence Unit (Z FIU) via its anti-money laundering and counter terrorism financing (AML/CTF) reporting platform.
- On 14 December 2022, the Company announced that it has agreed to end its agreement with HSBC Hong Kong, under which it provides support for HSBC's Digital Accounts Receivables Tool (HSBC DART), which was built on Identitii technology. Ending this agreement resulted in cost savings for the Group.
- On 28 December 2022, the Company closed its Non-Renounceable Rights Issue on 20 December 2022, and raised \$416,868 before costs, with a shortfall balance of \$3,607,320. On 29 December 2022, 10,421,706 shares were issued, along with 5,210,853 options.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half-year ended 31 December 2022.

Events subsequent to reporting date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly in future financial years the operations of the Group, the results of those operations, or the state of affairs of the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2022.

Rounding of amounts to the nearest dollar

In accordance with ASIC Corporations (Rounding of Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and consolidated financial statements have been rounded to the nearest dollar.

This Directors' Report is signed in accordance with a resolution of the Board of Directors:



Timothy Phillipps
Chairman & Independent Non-Executive Director

Sydney

27 February 2023

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

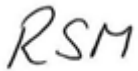
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Identitii Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



RSM AUSTRALIA PARTNERS



David Talbot
Partner

Sydney, NSW
Dated: 27 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
|---------------------------------------------|------|------------------------|------------------------|
| Revenue from contracts with customers | 5 | 870,533 | 871,487 |
| Research and development tax incentive | | 620,200 | 544,143 |
| Government grants | | 36,302 | - |
| Interest income | | 20,350 | 498 |
| Gain on loss of control of subsidiary | | - | 1,860,064 |
| Total revenue and other income | | 1,547,385 | 3,276,192 |
| Expenses | | | |
| Salaries and employee benefit expenses | | 1,586,737 | 1,846,871 |
| Share based payments | 13 | 184,540 | 270,520 |
| Consultants fees | | 339,896 | 422,824 |
| Advertising and marketing | | 93,940 | 149,900 |
| Depreciation and amortisation | | 19,475 | 66,910 |
| General expenses | | 481,826 | 454,614 |
| Interest expense | | 207 | 67 |
| Legal expenses | | 94,071 | 253,763 |
| Office expenses | | 391,992 | 275,863 |
| Travel and accommodation | | 116,422 | 49,602 |
| Short-term lease payments | | 39,362 | 37,287 |
| Reversal of impairment of trade receivables | | (749) | (898) |
| Research and development expenses | | 1,425,746 | 1,250,905 |
| Share of equity-accounted investee loss | 12 | 206,845 | 85,398 |
| Total expenses | | 4,980,310 | 5,163,626 |

Identitii Limited

Interim Financial Report

For the half-year ended 31 December 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
|----------------------------------------------------------------------|------|------------------------|------------------------|
| Loss before income tax | | (3,432,925) | (1,887,434) |
| Income tax expense | 6 | - | - |
| Loss for the period | | (3,432,925) | (1,887,434) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (16,918) | (27,440) |
| Total comprehensive loss for the period | | (3,449,843) | (1,914,874) |
| <u>Loss for the period attributable to:</u> | | | |
| Owners of Identitii Limited | | (3,432,925) | (1,724,365) |
| Non-controlling interests | | - | (163,069) |
| | | (3,432,925) | (1,887,434) |
| <u>Comprehensive loss for the period attributable to:</u> | | | |
| Owners of Identitii Limited | | (3,449,843) | (1,751,805) |
| Non-controlling interests | | - | (163,069) |
| | | (3,449,843) | (1,914,874) |
| Basic and diluted loss per share (cents) | 7 | (1.71) | (1.04) |

Consolidated Statement of Financial Position

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|---------------------------------------------------|-------|------------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 2,755,288 | 5,074,133 |
| Research and development tax incentive receivable | | 620,200 | 1,193,963 |
| Trade receivables | 5 | 103,253 | 264,302 |
| Other receivables | | 184,753 | 248,088 |
| Contract assets | 5 | - | 120,250 |
| Loans to equity-accounted investees | 9 | - | 120,000 |
| Current assets | | 3,663,494 | 7,020,736 |
| Property, plant and equipment | | 67,438 | 88,052 |
| Investment in equity-accounted investees | 8, 12 | 1,616,328 | 903,154 |
| Loans to equity-accounted investees | 9 | - | 779,144 |
| Other non-current assets | | 27,170 | 27,170 |
| Non-current assets | | 1,710,936 | 1,797,520 |
| Total assets | | 5,374,430 | 8,818,256 |
| Liabilities | | | |
| Trade and other payables | | 475,020 | 644,317 |
| Employee provisions | | 251,066 | 481,633 |
| Contract liabilities | 5 | 7,275 | 259,712 |
| Current liabilities | | 733,361 | 1,385,662 |
| Total liabilities | | 733,361 | 1,385,662 |
| Net assets | | 4,641,069 | 7,432,594 |

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|-----------------------------------------------------------|------|------------------------|--------------------|
| Equity | | | |
| Share capital | 10 | 33,408,611 | 32,934,833 |
| Share options reserve | 13 | 4,085,054 | 3,900,514 |
| Foreign currency translation reserve | | (17,276) | (358) |
| Retained losses | | (32,835,320) | (29,402,395) |
| Equity attributable to owners of Identitii Limited | | 4,641,069 | 7,432,594 |
| Total equity | | 4,641,069 | 7,432,594 |

Consolidated Statement of Changes in Equity

| | Note | Share capital | Share option reserve | Foreign currency translation reserve | Other reserves | Retained losses | Total equity |
|-------------------------------------|------|-------------------|----------------------|--------------------------------------|----------------|---------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | | 32,934,833 | 3,900,514 | (358) | - | (29,402,395) | 7,432,594 |
| Loss after tax | | - | - | - | - | (3,432,925) | (3,432,925) |
| Other comprehensive income | | - | - | (16,918) | - | - | (16,918) |
| Total comprehensive loss | | - | - | (16,918) | - | (3,432,925) | (3,449,843) |
| Issue of ordinary share capital | 10 | 512,387 | - | - | - | - | 512,387 |
| Costs of equity raising | 10 | (38,609) | - | - | - | - | (38,609) |
| Equity-settled share-based payments | 13 | - | 184,540 | - | - | - | 184,540 |
| Balance at 31 December 2022 | | 33,408,611 | 4,085,054 | (17,276) | - | (32,835,320) | 4,641,069 |

Identitii Limited

Interim Financial Report

For the half-year ended 31 December 2022

Consolidated Statement of Changes in Equity

| | Note | Share capital | Share option reserve | Foreign currency translation reserve | Other reserves | Retained losses | Total | Non-controlling interest | Total equity |
|-------------------------------------|------|-------------------|----------------------|--------------------------------------|----------------|---------------------|--------------------|--------------------------|--------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | | 25,775,278 | 4,517,002 | 73,017 | 688,123 | (26,414,781) | 4,638,639 | 363,485 | 5,002,124 |
| Loss after tax | | - | - | - | - | (1,724,365) | (1,724,365) | (163,069) | (1,887,434) |
| Other comprehensive income | | - | - | (27,440) | - | - | (27,440) | - | (27,440) |
| Total comprehensive loss | | - | - | (27,440) | - | (1,724,365) | (1,751,805) | (163,069) | (1,914,874) |
| Loss of control of subsidiary | | - | - | - | - | - | - | (200,416) | (200,416) |
| Issue of ordinary share capital | | 7,423,986 | - | - | - | - | 7,423,986 | - | 7,423,986 |
| Costs of equity raising | | (333,134) | - | - | - | - | (333,134) | - | (333,134) |
| Equity-settled share-based payments | | - | 270,520 | - | - | - | 270,520 | - | 270,520 |
| Balance at 31 December 2021 | | 32,866,130 | 4,787,522 | 45,577 | 688,123 | (28,139,146) | 10,248,206 | - | 10,248,206 |

Consolidated Statement of Cash Flows

| | 31 December 2022 \$ | 31 December 2021 \$ |
|---------------------------------------------------------|------------------------|------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 922,446 | 580,238 |
| Receipts from government grants and tax incentives | 1,240,015 | 902,056 |
| Payments to suppliers and employees | (4,915,385) | (4,499,973) |
| Cash flows utilised in operations | (2,752,924) | (3,017,679) |
| Interest received | 224 | 498 |
| Interest and other costs of finance paid | (207) | - |
| Total cash flows from operating activities | (2,752,907) | (3,017,181) |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | - | (15,746) |
| Proceeds from disposal of property, plant and equipment | - | 2,059 |
| Repayment of loans from equity-accounted investees | 12,386 | 10,000 |
| Loss of control of subsidiary | - | (547,253) |
| Total cash flows from investing activities | 12,386 | (550,940) |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | 416,868 | 7,403,986 |
| Transaction costs related to the issue of shares | (4,456) | (293,439) |
| Lease payments | - | (13,039) |
| Transaction costs related to borrowings and leases | - | (67) |
| Total cash flows from financing activities | 412,412 | 7,097,441 |
| Net (decrease)/increase in cash held | (2,328,109) | 3,529,320 |
| Opening cash balance | 5,074,133 | 4,489,311 |
| Effect of movement in exchange rates | 9,264 | 27,172 |
| Closing cash balance | 2,755,288 | 8,045,803 |

Notes to the Consolidated Financial Statements

1. Reporting entity

Identitii Limited (the Company) is a Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:ID8). The registered office and principal place of business is 285A Crown St., Surry Hills, NSW 2010.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 31 December 2022 and the results of all subsidiaries for the period then ended. Identitii Limited and its subsidiaries together are referred to in these financial statements as the Group.

The Group is a for profit entity and is primarily involved in the RegTech industry, developing and licensing software for regulated entities. Its main product is a platform that helps customers meet financial crime reporting obligations.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023.

2. Basis of preparation

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of for the period of \$3,432,925 and had net cash outflows from operating activities of \$2,752,907 for the half-year ended 31 December 2022. As at that date, the Group had net current assets of \$2,930,133 and net assets of \$4,641,069. As such, the Group needs to raise additional capital to support its future operating activities.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group successfully raised \$416,868 in funding during the period;
- The Group anticipates being able to fulfil the shortfall on the non-renounceable rights offering of \$3.6 million;

- If the Group is unable to fulfil the shortfall, the Directors are in the process of exploring alternative debt and equity funding options;
- The Group has \$2,755,288 in cash and cash equivalents as at 31 December 2022;
- The Group has the ability to scale back a significant portion of its expenditure if required; and
- The Group continues to extend its customer base and has other potential customer engagements in the pipeline.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

3. Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period

New or amended accounting standards and interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted in preparing these consolidated financial statements.

4. Operating segments

An operating segment is a component of the Group

- that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with the Group's other components), and
- whose operating results are reviewed regularly by the Group's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance.

The Group currently has one reportable segment, which develops and licenses software for regulated entities. The revenues and losses generated by the Group's operating segment and segment assets are summarised below:

| | Software Development and Licensing | |
|--------------------------------------------|-------------------------------------------|--------------------|
| <i>For the half-year ended 31 December</i> | 2022 | 2021 |
| | \$ | \$ |
| Sales to external customers | 870,533 | 871,487 |
| Other revenue and income. | 656,502 | 2,404,207 |
| Total segment revenue and income | 1,527,035 | 3,275,694 |
| <i>Unallocated revenue:</i> | | |
| Interest revenue | 20,350 | 498 |
| Total revenue and other income | 1,547,385 | 3,276,192 |
| EBITDA | (3,433,593) | (1,820,955) |
| Depreciation and amortisation | (19,475) | (66,910) |
| Interest revenue | 20,350 | 498 |
| Interest expense | (207) | (67) |
| Loss before income tax | (3,432,925) | (1,887,434) |
| Income tax expense | - | - |
| Loss for the period | (3,432,925) | (1,887,434) |

| | Software Development and Licensing | |
|--------------------------------------------|-------------------------------------------|-------------|
| <i>For the half-year ended 31 December</i> | 2022 | 2021 |
| | \$ | \$ |
| Segment assets | 5,374,430 | 11,315,269 |
| Segment liabilities | 733,361 | 1,067,063 |

4. Operating segments (continued)

Geographic information

The Group's main operations and place of business is in Australia.

| Revenue from contracts with customers | 31 December 2022 | 31 December 2021 |
|----------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Asia | 277,005 | 436,995 |
| Australia | 368,661 | 190,175 |
| United States of America | 224,867 | 244,317 |
| | 870,533 | 871,487 |

Revenue is based on the location of the customer. Refer to Note 5 for further detail on major customers, products and services.

| Location of non-current assets | 31 December 2022 | 30 June 2022 |
|---------------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Australia | 1,710,936 | 1,797,520 |
| | 1,710,936 | 1,797,520 |

Non-current assets include property, plant and equipment and equity-accounted investees.

5. Revenue

The Group generates revenue primarily from the licensing of software and the provision of professional and maintenance services to its customers. During the period the Group also generated revenue from its new Software-as-a-Service (SaaS) platform.

(a) Disaggregation of revenue

In the following table, revenue is disaggregated by nature of product and service and is done so in conjunction with the Group's reporting segment.

| <i>For the half-year ended 31 December</i> | Software Development and Licensing | |
|----------------------------------------------|-------------------------------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Nature of product and service | | |
| Licence and usage fees | 363,509 | 259,406 |
| Maintenance fees | 18,758 | 13,517 |
| Professional services | 470,266 | 580,564 |
| SaaS fees | 18,000 | 18,000 |
| Revenue from contracts with customers | 870,533 | 871,487 |

5. Revenue (continued)

(b) Timing of revenue recognition

The following table, revenue is disaggregated by timing of revenue recognition

| <i>For the half-year ended 31 December</i> | Software Development and Licensing | |
|--------------------------------------------|-------------------------------------------|-------------------|
| | 2022 \$ | 2021 \$ |
| Services transferred at a point in time | 400,267 | 290,923 |
| Services transferred over time | 470,266 | 580,564 |

(c) Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

| | 31 December 2022 \$ | 30 June 2022 \$ |
|----------------------|-------------------------------|---------------------------|
| Trade receivables | 103,253 | 264,302 |
| Contract assets | - | 120,250 |
| Contract liabilities | (7,275) | (259,712) |

Reconciliation of the written down values of contract assets and contract liabilities at the beginning and end of the current and prior financial reporting periods are set out below:

| Contract assets | 31 December 2022 \$ | 30 June 2022 \$ |
|-------------------------------|-------------------------------|---------------------------|
| Opening balance 1 July | 120,250 | 26,400 |
| Additions | - | 240,250 |
| Transfer to trade receivables | (120,250) | (146,400) |
| Closing balance | - | 120,250 |

| Contract liabilities | 31 December 2022 \$ | 30 June 2022 \$ |
|------------------------------------------|-------------------------------|---------------------------|
| Opening balance 1 July | 259,712 | 179,650 |
| Payments received in advance | - | 504,873 |
| Transfer to revenue – in opening balance | (252,437) | (179,650) |
| Transfer to revenue – in other balances | | (245,161) |
| Closing balance | 7,275 | 259,712 |

No information has been provided about remaining performance obligations at 31 December 2022 that have an original expected duration of one year or less, as allowed by AASB 15.

6. Income tax expense

The Group is in a net tax loss position and does not recognise a deferred tax asset.

7. Loss per share

The calculation of basic and diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

| | 31 December 2022 \$ | 31 December 2021 \$ |
|-----------------------------------------------------------------|------------------------|------------------------|
| Loss for the period attributable to owners of Identitii Limited | (3,432,925) | (1,724,365) |
| <u>Weighted-average number of ordinary shares</u> | | |
| Issued ordinary shares at 1 July | 200,809,923 | 151,791,071 |
| Effect of shares issued during the period | 467,048 | 14,520,673 |
| Weighted-average number of ordinary shares at 31 December | 201,276,971 | 166,311,744 |
| Basic and diluted loss per share (cents) | (1.71) | (1.04) |

Share based payment options have not been included in the calculation of diluted loss per share as these are considered anti-dilutive as at 31 December 2022 and 31 December 2021.

8. Equity-accounted investees

| | 31 December 2022 \$ | 30 June 2022 \$ |
|-----------------------------------|------------------------|--------------------|
| Investment in associates - Payble | 1,616,328 | 903,154 |

9. Loans to equity-accounted investees

| | 31 December 2022 \$ | 30 June 2022 \$ |
|-------------------------------|------------------------|--------------------|
| Current | - | 120,000 |
| Non-current | - | 779,144 |
| Loan to Payble Pty Ltd | - | 899,144 |

On 22 December 2022, x15ventures invested a further \$1.2 million in Payble Pty Ltd (Payble). During the funding round, Identitii exercised its right to convert the outstanding intellectual property license fee, payable to the Company over three years, into additional equity. As of 31 December 2022, Identitii's investment in Payble was 32.8%. See note 12 for further detail on investments in associates.

10. Share capital

| | Ordinary shares | | | |
|-----------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | 31 December 2022 | | 30 June 2022 | |
| | \$ | Number of shares | \$ | Number of shares |
| In issue at the beginning of the period/year | 32,934,833 | 200,809,923 | 25,775,278 | 151,791,071 |
| Issued in settlement of Director loan | - | - | 20,000 | 285,714 |
| Issued for cash, net of costs of equity – placement | - | - | 5,467,154 | 37,500,000 |
| Issued for cash, net of costs of equity – rights issue | 378,278 | 10,421,706 | 1,334,401 | 8,774,914 |
| Issued not for cash – consideration for marketing services | - | - | 30,000 | 375,000 |
| Issued not for cash – consideration for capital raise management services | - | - | 181,000 | 1,131,250 |
| Issued not for cash – consideration for investor relation services | 95,500 | 1,172,096 | 127,000 | 951,974 |
| In issue at the end of the period/year – authorised, fully paid and no par value | 33,408,611 | 212,403,725 | 32,934,833 | 200,809,923 |

All ordinary shares rank equally with regard to the Company's residual assets.

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10. Share capital (continued)

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Issue of ordinary shares

On 1 September 2022, the Company issued 400,000 shares at a price of \$0.095 per share to a consultant as consideration for investor relation services.

On 25 November 2022, the Company issued 394,737 shares at a price of \$0.095 per share to a consultant as consideration for investor relation services.

On 25 November 2022, the Company issued 377,359 shares at a price of \$0.053 per share to an employee in accordance with their employment contract.

On 29 December 2022, as part of a rights issue to existing shareholders, the Board approved the issue of 10,421,706 ordinary shares in the Company at a price of \$0.04 per share.

Nature and purpose of reserves

The share option reserve comprises the cost of the Company shares issued under the Group's share-based payment plans. Refer to Note 13.

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Dividends

No dividends were declared or paid by the Company for the current or previous periods.

11. Related parties

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

| <i>Transactions</i> | Transaction values for period ended 31 December | | Balance outstanding as at 31 December | |
|-----------------------------------|--------------------------------------------------------|-------------|----------------------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| Loan from Director – John Rayment | - | 20,000 | - | - |

12. Investment in associates

Investment in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

| Name | Principal place of business | Ownership interest | |
|----------------|------------------------------------|---------------------------|---------------------|
| | | 31 December 2022 | 30 June 2022 |
| | | % | % |
| Payble Pty Ltd | Australia | 32.8% | 44.2% |

12. Investment in associates (continued)

The following table summarises the financial information of Payble, as included in its own financial statements, and reconciles it to the carrying amount of the Group's interest in Payble.

Information presented in the 30 June 2022 table includes the results of Payble for the period from 15 November 2021 – 30 June 2022 when Payble was an equity-accounted investee.

| | Payble Pty Ltd | |
|------------------------------------------------------------------------------|------------------------|--------------------|
| | 31 December 2022 \$ | 30 June 2022 \$ |
| Summarised statement of financial position | | |
| Current assets | 1,422,617 | 604,228 |
| Non-current assets | 1,018,667 | 982,777 |
| Total assets | 2,441,284 | 1,587,005 |
| Current liabilities | 397,365 | 223,955 |
| Non-current liabilities | - | 779,144 |
| Total liabilities | 397,365 | 1,003,099 |
| Net assets | 2,043,919 | 583,906 |
| Summarised statement of profit or loss and other comprehensive income | | |
| Loss after tax | 630,049 | 604,628 |
| Total comprehensive loss | 630,049 | 604,628 |
| Reconciliation of the Group's carrying amount in associate | | |
| Opening carrying amount | 903,154 | - |
| Fair value on date control was lost | - | 1,170,400 |
| Forgiveness of loan to Payble | 920,019 | - |
| Share of associate loss after tax | (206,845) | (267,246) |
| Closing carrying amount | 1,616,328 | 903,154 |

13. Share based payment arrangements

For the period ended 31 December 2022, the Group recognised a share-based payment expense of \$184,540 in the statement of profit or loss (31 December 2021: \$270,520) under the following share-based payment arrangements.

| | | Share options | | | |
|---------------------------------------|-------|------------------|-------------------|------------------|-------------------|
| | | 31 December 2022 | | 30 June 2022 | |
| | | \$ | Number of options | \$ | Number of options |
| Director options | (i) | 899,111 | 12,358,082 | 817,106 | 12,358,082 |
| PAC Partners options | | 79,196 | 5,000,000 | 79,196 | 5,000,000 |
| Equity incentive plan | (ii) | 3,106,747 | 11,160,206 | 3,004,212 | 16,241,405 |
| Options issued on rights offering | (iii) | - | 5,210,834 | - | - |
| In issue at end of period/year | | 4,085,054 | 33,729,122 | 3,900,514 | 33,599,487 |

The following summarises changes in share-based payment arrangements during the current reporting period:

(i) *Share options issued to Directors (equity settled)*

Share options previously granted to Directors

A share-based payment expense of \$82,005 (31 December 2021: \$127,795) in relation to share options previously granted to Directors has been recognised in the statement of profit or loss for the period ended 31 December 2022.

(ii) *Equity Incentive Plan (equity settled)*

Share options previously granted to employees

A share-based payment expense of \$102,535 (31 December 2021: \$142,725) in relation to EIP share options previously granted to employees has been recognised in the statement of profit or loss for the period ended 31 December 2022.

During the period, 5,081,199 share options under the EIP were forfeited in relation to employees who left the Company.

(iii) *Options issued on rights offering*

On 20 December 2022 the Non-Renounceable Rights Offering closed, with 5,210,834 share options granted to participants on 29 December 2022. No expense has been recognised in respect of these options for the period ended 31 December 2022, as they were issued to equity shareholders in their capacity as shareholders. The options have an exercise price of \$0.08 and vest over a two-year period.

14. Fair value measurements

The carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of fair value.

15. Subsequent events

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly in future financial years the operations of the Group, the results of those operations, or the state of affairs of the Group.

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Directors' Declaration

1. In the opinion of the Directors of Identitii Limited ('the Company'):
 - a. the consolidated financial statements and notes that are set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors:



Mr. Timothy Phillipps
Chairman & Independent Non-Executive Director

Sydney
27 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IDENTITII LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Identitii Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Identitii Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Identitii Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

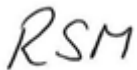
We draw attention to Note 2 in the interim financial report, which indicates that the Company incurred a net loss of \$3,432,925 during the half year ended 31 December 2022 and, as of that date, the Company's current assets exceeded its current liabilities by \$2,930,133. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Identitii Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Yours faithfully



RSM AUSTRALIA PARTNERS



David Talbot
Partner

Sydney, NSW
Dated: 27 February 2023