identitii

APPENDIX 4D STATEMENT
(Listing rule 4.2A.3)

IDENTITII LIMITED
FINAL REPORT
for the half-year ended 31 December 2021

Results for announcement to the market

	31 December 2021 $	31 December 2020 $	% change to prior year	
1. Revenues from ordinary activities	871,487	941,139	down	7%
2. Loss from ordinary activities after tax attributable to members	(1,724,365)	(2,225,763)	down	23%

Dividend information

3. Total dividend per ordinary share

No dividends were proposed for the interim period ending 31 December 2021 and 31 December 2020.

4. Record date for determining entitlements to the final dividend

Not applicable

5. Net tangible asset per security	31 December 2021 $	31 December 2020 $
Net tangible assets	10,222,511	5,049,360
	Number of shares	**Number of shares**
Total number of ordinary shares of the Company	198,351,699	137,680,455
Net tangible asset backing per ordinary security	$0.05	$0.04

This information should be read in conjunction with the 2021 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 2021, which has been independently reviewed by RSM.

identitii

ASX:ID8
Identitii Ltd
ABN: 83 603 107 044

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2021

Contents

Letter from the CEO 3
Directors Report 4
Auditor's Independence Declaration 11
Consolidated Statement of Profit or Loss and Other Comprehensive Income 12
Consolidated Statement of Financial Position 14
Consolidated Statement of Changes in Equity 16
Consolidated Statement of Cash Flows 18
Notes to the Consolidated Financial Statements 20
Directors' Declaration 35
Independent Auditor's Review Report 36

About Identitii

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

Letter from the CEO

Dear shareholders and friends,

I joined Identitii in early 2020, after nearly a decade in executive financial services roles in London, New York, Tokyo and Sydney, winning and retaining supply contracts for foreign exchange products and services with hundreds of banks such as Westpac, CBA and NAB here in Australia, and Barclays, RBS, HSBC, Bank of America, US Bank, SMBC, Resona Bank and more in other global markets. Identitii inspired me because it is tackling one of the biggest problems facing the vast majority of the financial services industry on the planet – that legacy technology still in use today makes it almost impossible to see a single view of every transaction with every customer.

That lack of visibility creates many problems, and we have witnessed government regulators all over the world issue record fines for many different reasons, forcing the industry to invest heavily in technology and innovation, creating significant opportunities for companies like Identitii. That said, there are numerous challenges to overcome in solving these problems, from lengthy sales and procurement processes, to incredibly stringent information security requirements, to the extraordinary complexity involved in accurately mapping solutions. I believe strongly that the Company is progressing towards a worthwhile goal, and that rapid adoption of our technology is ahead.

There are multiple success indicators that provide growing encouragement that our strategic plan is right and that we are making the right decisions to propel us towards mass adoption of our platform, consuming transaction information from hundreds, if not thousands of financial services businesses all over the world. Today we are using our technology to help report to government regulators because the industry is focused on automating that process, but in reality that is just the beginning. We are working towards a global platform that securely ingests millions and billions of financial transactions – the potential for additional products, services and revenue is staggering.

And we know the platform works, because we have already successfully processed more than a million financial transactions for HSBC, Mastercard Cross-Border and Novatti with Standard Chartered Bank and others to commence shortly. In addition to validation from our existing customers and continued interest from many prospective customers, perhaps the greatest source of encouragement and inspiration comes from our people and the Company's ongoing ability to attract experienced senior executives from within the financial services industry. This speaks volumes to the opportunity we are addressing, and the plans and progress we are making in its pursuit.

I'm encouraged by our progress in the first half of FY22, having achieved several key milestones that will support our ability to scale growth very soon. We continue to work towards mass adoption of our platform and I am very thankful to shareholders for their ongoing support and understanding of the opportunity ahead.

John Rayment

Chief Executive Officer

Sydney

24 February 2022

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 2021 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.

Name and independence status	
Executive	
Mr. John Rayment *Executive Director*	
Non-Executive	
Mr. Steven James *Independent Non-Executive Director* *Chairman*	
Mr. Timothy Phillipps *Independent Non-Executive Director*	
Mr. Nicholas Armstrong *Non-Executive Director*	Resigned 7 October 2021 (1)

(1) Identitii has retained Directors Australia to undertake a Board composition review. This entails reviewing the skills and capabilities of current Directors, mapping these against the skills and capabilities required to deliver the Company's strategic plan and using the findings to search for and appoint a new Director(s), ideally before the end of the financial year.

Principal activities

The principal activities of the Group during the period were business development, marketing and research and development activities, as well as development of Identitii's Software-as-a-Service (SaaS) platform.

The strategic highlights for the six months to 31 December 2021 are noted below.

Commercial highlights

SaaS platform launch drives increase in commercial discussions

Identitii launched its new SaaS platform in Q1 FY22. The launch has provided a massive boost to the Company's addressable market and has driven an increase in the number of commercial discussions being held, which the Company expects to start seeing the results of in calendar 2022. The new platform makes it more cost effective for smaller AUSTRAC reporting entities to work with Identitii and has been built with ISO 20022 in mind, meaning the Company is well positioned to help customers save time and money preparing for the recent changes in how they report, announced by AUSTRAC.

Global payments Company Novatti Group (ASX:NOV) signed three-year licence agreement

During the period, global payments company Novatti Group Limited (Novatti) became the first customer to adopt Identitii's recently launched SaaS platform for AUSTRAC reporting, signing a three-year licence agreement in July 2021 and subsequently going live reporting International Funds Transfer Instructions to AUSTRAC in Q2 FY22. In line with the Company's SaaS pricing model, the three-year Agreement to automate AUSTRAC reporting for Novatti is worth $0.2 million to Identitii.

Standard Chartered Australia signed three-year licence with Identitii

Identitii also signed a Master Technology Agreement (MTA) plus a three-year licence agreement with Standard Chartered Australia (SCB) during the period. Under the terms of the agreement, as announced to the market in September 2021, SCB will licence Identitii's new SaaS platform, initially in Australia. The deal will importantly deliver growth upside to Identitii's revenue base, and the MTA also opens the way for Identitii to further expand its partnership with SCB businesses around the globe.

Citibank signed Letter of Intent for AUSTRAC reporting

Identitii now boasts a pipeline of potential contracts for its unique RegTech platform, with the Company currently in negotiations with other reporting entities, including Citibank. During the period, Citibank and Identitii signed a Letter of Intent (LOI), outlining its intention to enter into a five-year Master Services Agreement with Identitii. The LOI follows Identitii's win in the Citi Mega FinTech Accelerator in late 2020, and the parties intend to commence with a live pilot.

Identitii platform has now processed more than 1.5 million payment messages

Q2 FY22 saw Identitii hit a significant milestone in the growth of its platform, which has now processed more than 1.5 million payment messages and generated more than 1,500 reports across all customers. These data points are incredibly important for the Company, enabling it to demonstrate the platform's capabilities to prospective customers using proven technology with global brands, which together with the growing commercial team, will accelerate revenue growth.

The platform growth comes following the addition of four new customers in calendar 2020 and 2021, with Mastercard, HomeSend, Novatti and Standard Chartered Australia all joining HSBC by signing multi-year licence agreements with Identitii.

HSBC launched DART, built on Identitii technology, in Australia and Singapore

HSBC announced that its Digital Accounts Receivable Tool (HSBC DART), which is built on Identitii technology, launched in Australia and Singapore during Q2 FY22. In the announcement, HSBC said the expansion of DART, which is also available for HSBC customers in India and Indonesia, was as the result of tremendous client and buyer engagement.

The tokenisation technology and unique information layer used in HSBC DART was developed by Identitii under the Company's first customer contract, originally signed in 2017 and renewed for a subsequent three years in April 2021 for up to $2.0 million.

HSBC DART is a simple and intuitive digital platform that enables sellers and buyers to exchange invoices and detailed payment information. It digitises the exchange of information through tokenisation within a Tracking ID, which improves invoice matching when included in buyer payments. This results in effective and efficient accounts receivable management and helps improve the working capital cycle.

Identitii has been supporting the development and expansion of HSBC DART since the original contract was signed in 2017, including delivering new functionality to support the roll out into new geographies, as announced in June 2019.

Identitii joined global financial crime technology Marketplace

Identitii was accepted onto the NICE Actimize X-Sight Marketplace, which works like the Google Store and matches technology providers with financial services companies searching for innovative anti-money laundering and counter-terrorism financing (AML/CTF) solutions. Identitii's AUSTRAC reporting platform can be integrated into the NICE Actimize product suite, currently live with over 750 customers in 70 countries worldwide. The two companies are already working together on joint sales opportunities to drive further uptake of both solutions.

Technology update

Intellectual property protection enhanced in the September quarter

Identitii took additional steps to reinforce its intellectual property (IP) protections in Q1 FY22. These initiatives build on earlier work which commenced in 2015, when Identitii filed patent applications in several global jurisdictions. The Company continues to pursue these approvals.

This patent specifically covers the inhouse-created method and system that supports the establishment of a secure, global ecosystem for information sharing for cross-border payments regardless of currency or payment rail.

The Company's patent was approved in the United States in December 2020 and was subsequently granted in April 2021. As part of the Company's continued efforts to protect its IP strategy, it filed additional claims (so-called "continuation claims") in the US in August 2021. Identitii is, at the same time, now actively pursuing several strategic initiatives to monetise its IP patent, which include:

- Expanding the existing US Patent coverage through additional continuation filings,
- Direct commercialisation of the patent with partners,
- Indirect commercialisation of the patent through licensing, and
- The potential for enforcement, including infringement litigation.

Going hand in hand with this quest for enhanced IP protection, Identitii is now in the process of delivering on a stated three-phase growth strategy, which entails:

- Phase One – LAND: The aim is to licence as many regulated businesses as possible, which sees these clients use the Identitii platform to ingest their payment data and deliver an outcome. The biggest opportunities for success in Phase One lie with AUSTRAC reporting and payment investigations in correspondent banking.
- Phase Two – EXPAND: The aim is to provide more services and grow licence revenue with existing customers. The focus is to help 11,500+ SWIFT member banks migrate 10 billion payment messages per year to the new ISO 20022 global standard before 2025. The platform already contains the required functionality to perform this transformation.

- Phase Three – CONNECT: The aim is to deploy Identitii's intellectual property and connect banks, payment networks and financial service businesses around the world to the platform, creating a global ecosystem for secure, rich financial information. This would enable faster processing of payments and reduce financial crime.

Funding update

Successful $7.4 million capital raise completed

Identitii went into a trading halt before the start of trading on Friday 22 October. On October 26, Identitii announced it received binding commitments to raise a total of $6.0 million (before costs) via a placement (Placement) to sophisticated and institutional investors.

The Company also conducted a Rights Issue to allow existing shareholders to participate at the same $0.16 per share price offered to sophisticated and institutional investors. The Rights Issue raised an additional $1.4 million for the Company.

The capital raising funds will be used to finance current and future growth initiatives, including:

- The provision of working capital for Identitii to execute its LAND, EXPAND and CONNECT strategy, more detail on which is provided in the Company's new Investor Presentation,
- A ramp-up of sales and marketing activities, as the Company continues to drive new customer growth, following the announcement of deals with Novatti and Standard Chartered Australia earlier this financial year,
- Continued enhancements to Identitii's core platform to provide new features and functionality that increase revenue per customer and help the Company expand into new markets, and
- Efforts to monetise the Company's US patent.

People update

Attracting great talent

Identitii announced that Patrick Vu had joined as the new Head of Product in October 2021. Patrick joined from Western Union Business Solutions (WUBS) where he was in charge of helping define, develop and execute the company's global product strategy that enabled banks, credit unions and money-service businesses to adopt WUBS' FX and payments solutions around the world.

The industry expertise that Patrick, in addition to Joe Higginson, Chief Commercial Officer, who joined from Investec Bank in February 2021, and Tim Phillipps, Non-Executive Director, who joined in May 2021 after 30 years at Deloitte and ASIC, bring to the Company is helping ensure the future of Identitii is shaped by people who recognise the pain that manual processes and legacy technology causes in financial institutions.

Commenting on joining Identitii, Patrick Vu said:

"I'm really excited to join Identitii at this point in its growth journey. The Company's platform is already contributing to the digitisation of the global payments industry, which has been hamstrung by clunky and error-prone manual processes for years. I recognised in Identitii a unique way to help our customers address these problems and look forward to helping develop product offerings that meet the unique payment information requirements of regulated entities of all sizes."

CFO and hiring update

Following the resignation of Chief Financial Officer (CFO) Trent Jerome during the period, Identitii has commenced the process to recruit a new CFO to help lead the business through the next phase of growth.

In addition to the above, Identitii is also recruiting for an in-house Financial Controller (who will report to the CFO), to replace Gram Accounting, who has been providing the Company with Financial Controller and virtual CFO services since prior to the IPO in late 2018, ensuring continuous disclosure, external reporting obligations and best-practice financial disciplines are met as a publicly listed company.

Payble update

Another step in Identitii's stated goal of monetising its investment in Payble

During the period, Identitii announced that Payble Pty Ltd (Payble) would commence payment of a $1.0 million Assignment Fee to the Company from 30 November 2021. This fee is for intellectual property (IP) developed by Identitii and irrevocably transferred to Payble under an Intellectual Property Agreement.

The IP was first tested in September 2019, when Identitii was one of ten companies chosen to participate in the Australian Competition and Consumer Commission's (ACCC's) Consumer Data Right (CDR) ecosystem testing. Payble has since gone on to receive CDR Accreditation and is the first consumer payments app to do so.

Following Payble's accreditation, consumers who currently bank with more than 91 Australian banks and financial institutions will be able to link their account data to Payble and access the company's flexible solution for bill payments. Payble is completely free for consumers, with billers charged a monthly software fee.

The Assignment Fee will be paid to Identitii in monthly instalments over two years. Payments are indexed against Payble's revenue growth and are expected to increase across the term. This ensures available capital is primarily directed towards sales, marketing and product development efforts. If repayments have not reached $1.0 million by 30 November 2023, a final top-up payment (being $1.0 million less fees already paid) is due on 1 December 2023.

Review of operations

During the half-year ended 31 December 2021, the Group achieved the following:

- Following the results of a General Meeting held on 6 July 2021 the Company issued 285,714 shares at $0.07 per share to John Rayment in full and final settlement of his loan to the Company in March 2020.
- Furthermore, 1,000,000 share options vesting over two years pending continued employment, with an exercise price of $0.25 and 8 July 2024 expiry, were issued to both Steven James and Nicholas Armstrong in their capacity as Non-Executive Directors of the Company. Mr Armstrong's full allocation will not vest due to his resignation from the Board on 7 October 2021.
- On 30 July 2021, the Group announced it had signed a three-year licence agreement with Novatti Group Limited for its SaaS AUSTRAC reporting platform, worth $0.2 million.
- On 2 September 2021, the Group announced the launch of a brand new SaaS platform to help all AUSTRAC reporting entities reduce risk of non-compliance with reporting obligations.
- On 23 September 2021, the Group announced it had signed a three-year licence agreement with Standard Chartered Australia for its SaaS platform, worth $0.3 million.
- On 7 October 2021, Nicholas Armstrong resigned as Non-Executive Director.
- On 22 October 2021, the Company was placed into a trading halt following confirmation on 26 October 2021 that the Group had successfully raised $6.0 million in a placement to sophisticated and institutional investors. Under the placement, 37.5 million shares were issued at $0.16 per share.

- On 15 November 2021, CBA New Digital Businesses Pty Ltd (x15ventures) invested a further $0.7 million into Payble Pty Ltd (Payble). This investment by x15ventures reduced Identitii's shareholding in Payble to 44.2% on an undiluted basis, resulting in the Company ceasing to retain control of Payble. Furthermore, Payble commenced payment of a $1.0 million assignment fee to Identitii for intellectual property previously developed by the Company. Payment is being made in monthly instalments over two years and commenced on 30 November 2021.
- On 23 November 2021, the Company announced it had successfully raised $1.4 million via a shareholder rights issue. Under the rights issue, 8.8 million shares were issued at $0.16 per share.
- On 1 December 2021, Trent Jerome resigned as Chief Financial Officer of the Group.

Significant changes in the state of affairs

During the half-year ended 31 December 2021, x15ventures invested a further $0.7 million into Payble, reducing Identitii's shareholding in Payble to 44.2% on an undiluted basis. This resulted in the Company ceasing to retain control of Payble and triggered a change in accounting treatment whereby Payble results will now be recognised as a separate line item as opposed to being consolidated into the results of Identitii Limited.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the half-year ended 31 December 2021.

Events subsequent to reporting date

- On 21 January 2022, the Company issued:
  - 1,693,750 shares at $0.16 per share as consideration for capital raising fees and investor relation services provided to the Group,
  - 375,000 shares at $0.08 per share as consideration for marketing and branding services provided to the Group, and
  - 5,000,000 share options as consideration for a successful capital raise. These share options are exercisable at $0.24 per share and expire on 20 January 2024.
- On 24 January 2022, the Company announced the appointment of Merilyn Speiser and Richard Thomas as Advisors to the Board of Directors. In addition to their advisory roles, Merilyn joins as a Member of the Nomination and Remuneration Committee and Richard joins as a Member of the Audit and Risk Committee.

Other than the matters discussed above, 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 11 and forms part of the Directors' report for the half-year ended 31 December 2021.

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:

Steven James
Chairman

Sydney

24 February 2022

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 2021, 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

RSM AUSTRALIA PARTNERS

GNS

Gary Sherwood
Partner

Sydney, NSW
Dated: 24 February 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 December 2021 $	31 December 2020 $
Revenue from contracts with customers	5	871,487	941,139
Research and development tax incentive		544,143	286,862
Government grants		-	297,607
Other income		-	12,726
Interest income		498	1,813
Gain on loss of control of subsidiary	8	1,860,064	-
Total revenue and other income		**3,276,192**	**1,540,147**
Expenses			
Salaries and employee benefit expenses		1,846,871	1,243,481
Share based payments	14	270,520	386,300
Consultants fees		422,824	418,460
Advertising and marketing		149,900	43,669
Depreciation and amortisation		66,910	107,798
General expenses		454,614	610,768
Interest expense		67	34,570
Legal expenses		253,763	51,073
Office expenses		275,863	228,027
Travel and accommodation		49,602	6,439
Short-term lease payments		37,287	11,655
(Reversal) / impairment on trade receivables		(898)	28
Research and development expenses		1,250,905	630,243
Share of equity-accounted investee loss	13	85,398	-
Total expenses		**5,163,626**	**3,772,511**

	Note	31 December 2021 $	31 December 2020 $
Loss before income tax		**(1,887,434)**	**(2,232,364)**
Income tax expense	6	-	-
Loss for the period		**(1,887,434)**	**(2,232,364)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(27,440)	83,263
Total comprehensive loss for the period		**(1,914,874)**	**(2,149,101)**
Loss for the period attributable to:			
Owners of Identitii Limited		(1,724,365)	(2,225,763)
Non-controlling interests	11	(163,069)	(6,601)
		(1,887,434)	**(2,232,364)**
Comprehensive loss for the period attributable to:			
Owners of Identitii Limited		(1,751,805)	(2,142,500)
Non-controlling interests	11	(163,069)	(6,601)
		(1,914,874)	**(2,149,101)**
Basic and diluted loss per share (cents)	7	(1.04)	(2.02)

Consolidated Statement of Financial Position

	Note	31 December 2021 $	30 June 2021 $
Assets			
Cash and cash equivalents		8,045,803	4,489,311
Research and development tax incentive receivable		547,406	905,319
Trade receivables	5	260,202	227,419
Other receivables		186,743	153,832
Contract assets	5	137,500	26,400
Loans to equity-accounted investees	9	120,000	-
Current assets		**9,297,654**	**5,802,281**
Intangible assets		25,695	57,006
Property, plant and equipment		67,774	101,536
Investment in equity-accounted investees	8	1,085,002	-
Loans to equity-accounted investees	9	839,144	-
Non-current assets		**2,017,615**	**158,542**
Total assets		**11,315,269**	**5,960,823**
Liabilities			
Trade and other payables		578,314	271,109
Employee provisions		481,991	474,901
Contract liabilities	5	6,758	179,650
Borrowings and lease liabilities		-	33,039
Current liabilities		**1,067,063**	**958,699**
Total liabilities		**1,067,063**	**958,699**
Net assets		**10,248,206**	**5,002,124**

	Note	31 December 2021 $	30 June 2021 $
Equity			
Share capital	10	32,866,130	25,775,278
Share options reserve	14	4,787,522	4,517,002
Foreign currency translation reserve		45,577	73,017
Other reserves		688,123	688,123
Retained losses		(28,139,146)	(26,414,781)
Equity attributable to owners of Identitii Limited		**10,248,206**	**4,638,639**
Non-controlling interests	11	-	363,485
Total equity		**10,248,206**	**5,002,124**

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	10	7,423,986	-	-	-	-	7,423,986	-	7,423,986
Costs of equity raising	10	(333,134)	-	-	-	-	(333,134)	-	(333,134)
Equity-settled share based payments	14	-	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**

	Note	Share capital $	Share option reserve $	Foreign currency translation reserve $	Other reserves $	Retained losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 July 2020		**17,930,105**	**3,710,236**	**7,124**	**-**	**(20,589,338)**	**1,058,127**	**-**	**1,058,127**
Loss after tax		-	-	-	-	(2,225,763)	(2,225,763)	(6,601)	(2,232,364)
Other comprehensive income		-	-	83,263	-	-	83,263	-	83,263
Total comprehensive loss		-	-	83,263	-	(2,225,763)	(2,142,500)	(6,601)	(2,149,101)
Issue of ordinary share capital	10	6,003,197	-	-	-	-	6,003,197	-	6,003,197
Costs of equity raising	10	(187,051)	-	-	-	-	(187,051)	-	(187,051)
Equity-settled share based payments	14	-	386,300	-	-	-	386,300	-	386,300
Balance at 31 December 2020		**23,746,251**	**4,096,536**	**90,387**	-	**(22,815,101)**	**5,118,073**	**(6,601)**	**5,111,472**

Consolidated Statement of Cash Flows

	31 December 2021 $	31 December 2020 $
Cash flows from operating activities		
Receipts from customers	580,238	936,479
Receipts from government grants and tax incentives	902,056	1,030,881
Payments to suppliers and employees	(4,499,973)	(3,357,904)
Cash flows utilised in operations	**(3,017,679)**	**(1,390,544)**
Interest received	498	3,183
Interest and other costs of finance paid	-	(2,769)
Total cash flows from operating activities	**(3,017,181)**	**(1,390,130)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(15,746)	-
Proceeds from disposal of property, plant and equipment	2,059	-
Cash flows from loans to equity-accounted investees	10,000	-
Loss of control of subsidiary	(547,253)	-
Total cash flows from investing activities	**(550,940)**	**-**
Cash flows from financing activities		
Proceeds from the issue of shares	7,403,986	5,923,197
Transaction costs related to the issue of shares	(293,439)	(291,746)
Repayment of borrowings	-	(600,000)
Lease payments	(13,039)	(50,656)
Transaction costs related to borrowings and leases	(67)	(49,500)
Other financing cash flows	-	100,000
Total cash flows from financing activities	**7,097,441**	**5,031,295**

	31 December 2021 $	31 December 2020 $
Net increase in cash held	**3,529,320**	**3,641,165**
Opening cash balance	4,489,311	1,411,309
Effect of movement in exchange rates	27,172	(31,865)
Closing cash balance	**8,045,803**	**5,020,609**

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 Level 2, 129 Cathedral Street, Woolloomooloo, NSW 2011.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 31 December 2021 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 developing and licensing software for regulated entities. Its main product Overlay+ is a platform that helps reduce regulatory risk, without replacing technology systems.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2022.

2. Basis of preparation

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2021 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 2021 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 $1,887,434 and had net cash outflows from operating activities of $3,017,181 for the half-year ended 31 December 2021. As at that date, the Group had net current assets of $8,230,591 and net assets of $10,248,206.

The Directors believe that it is reasonably foreseeable that the Group will 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 $7,403,986 in funding during the period;
- The Group has $8,045,803 in cash and cash equivalents as at 31 December 2021;
- 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.

3. Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited ('company' or 'parent entity') as at 31 December 2021 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.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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	
For the half-year ended 31 December	**2021 $**	**2020 $**
Sales to external customers	871,487	941,139
Other revenue and income	2,404,207	597,195
Total segment revenue and income	3,275,694	1,538,334
Unallocated revenue:		
Interest revenue	498	1,813
Total revenue and other income	**3,276,192**	**1,540,147**
EBITDA	**(1,820,955)**	**(2,091,809)**
Depreciation and amortisation	(66,910)	(107,798)
Interest revenue	498	1,813
Interest expense	(67)	(34,570)
Loss before income tax	(1,887,434)	(2,232,364)
Income tax expense	-	-
Loss for the period	**(1,887,434)**	**(2,232,364)**

4. Operating segments (continued)

	Software Development and Licensing	
For the half-year ended 31 December	**2021 $**	**2020 $**
Segment assets	11,315,269	6,354,571
Segment liabilities	1,067,063	1,243,099

Geographic information

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

Revenue from contracts with customers	**31 December 2021 $**	**31 December 2020 $**
Asia	436,995	380,211
Australia	190,175	192,750
United States of America	244,317	368,178
	871,487	**941,139**

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 2021 $**	**30 June 2021 $**
Australia	2,017,615	158,542
Other	-	-
	2,017,615	**158,542**

Non-current assets include intangibles, property, plant and equipment, investment in and loans to 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) *Performance obligations and revenue recognition policies*

Under its contracts, the Group grants a licence to the customer for the use of its software. The contract will specify the term of the licence, the jurisdictions in which the licence may be utilised and protocols to be followed to extend the licence beyond the agreed licence term.

The contracts also facilitate the provision of certain software, training, maintenance, customisation and configuration or other services from the Group in consideration for the payment of fees. The customer is granted, for the term of each contract, a non-exclusive, perpetual, irrevocable and royalty-free licence to use the software in a specific use case. The Group retains all rights, title and interest in the intellectual property of the software.

The Group is currently recognising revenue under these enterprise level and SaaS contracts for licence fees, maintenance fees, usage fees and professional services, each regarded as a separate performance obligation. Revenue is measured based on the consideration specified in the contract and is recognised when the Group transfers control over the product or service to the customer. Charges are determined by a number of factors including transaction volume, customisation requirements, ongoing support and maintenance and new feature releases. Pricing changes for each renewal term are to be mutually agreed in writing.

The following table provides information about the nature and timing of the satisfaction of performance obligations in its contracts with customers including the related revenue recognition policies.

Product and services	Nature and timing of satisfaction of performance obligations
Licence fees	The contracts require the Group to undertake maintenance and software enhancement activities throughout the licence period that significantly affects the intellectual property (IP) to which the customers have rights. The nature of the Group's performance obligation in granting a licence is regarded as a right to access the IP and thus the Group recognises licence fee revenue over time. Licence fee revenue is recognised in equal monthly instalments from the date the licence is first transferred and for the term of the contract. The licence fee is a fixed annual fee as specified in the contract. There remains $1,271,154 in relation to contracted licence fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2021.

5. Revenue (continued)

Product and services	Nature and timing of satisfaction of performance obligations
Maintenance fees	Maintenance (software, equipment and hosted services maintenance) is to be provided to customers on an ongoing basis from the date the licence is first transferred and throughout the term of the contract. The maintenance fee is a fixed annual fee as specified in the contract. Under AASB 15, the performance obligation to provide maintenance services is first met upon transfer of the licence and is ongoing throughout the term of the contract. The total maintenance fee revenue to be billed under the contract is recognised in equal monthly instalments over time from the date the licence is first transferred. There remains $57,516 in relation to contracted maintenance fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2021.
Usage fees	Usage fee revenue is determined by the number of successful transactions (as defined in the contract) and is based on information provided to the Group by the customer. Usage fees are recognised only when the later of the usage occurs and the licence fee obligation has been satisfied. Usage fees are variable fees and may be subject to an annual cap as specified in the contract. The Group recognises usage fee revenue over time based on when the usage occurs.
Professional services (including setup, training and other support costs)	Professional services include setup, training and support costs as well as individual customisation and configuration projects that are separate and distinct performance obligations. The Group recognises revenue at a point in time based on time and materials incurred in delivering the product and services to its customers as per the terms and prices specified in the contract. Invoices are generated on confirmation of product and service delivery and revenue is recognised at that point in time. There remains $292,134 in relation to contracted professional services for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2021.

Where revenue is billed in advance, a contract liability is recognised and amortised over the period of the invoice. Where revenue is billed in arrears, a contract asset is recognised at the time of revenue recognition and transferred to trade receivables when the invoice is generated.

5. Revenue (continued)

Warranties, returns and refunds

The warranty period will run from the licence start date and over a specified period of time. Under the warranty period the Group undertakes that the product and services supplied are of satisfactory quality and fit for purpose, free from defects in design, operate in accordance with the contract and that appropriate master copies are maintained by the Group.

In the event of an unresolved third party intellectual property rights claim, customers may elect to return all deliverables under the contract and be refunded in full for all charges paid by the customer to date. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Due to the absence of any third party intellectual property rights claims during the current and prior period, no adjustment has been made to revenue recognised during the period for expected returns.

Customers may terminate or partially terminate the contract by written notice to the Group. Customers shall be entitled to a pro-rata refund of fees paid in advance of the termination date unless termination by the customer is for no reason. Due to the absence of any such written notices to the Group during the current and prior period, no adjustment has been made to revenue recognised during the period for expected refunds on termination.

b) 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.

	Software Development and Licensing	
For the half-year ended 31 December	**2021 $**	**2020 $**
Nature of product and service		
Licence and usage fees	259,406	112,061
Maintenance fees	13,517	9,696
Professional services	580,564	819,382
SaaS fees	18,000	-
Revenue from contracts with customers	**871,487**	**941,139**

5. Revenue (continued)

c) Contract balances

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

	31 December 2021 $	30 June 2021 $
Trade receivables	260,202	227,419
Contract assets	137,500	26,400
Contract liabilities	(6,758)	(179,650)

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 2021 $	30 June 2021 $
Opening balance 1 July	26,400	66,500
Additions	197,500	153,400
Transfer to trade receivables	(86,400)	(193,500)
Closing balance	**137,500**	**26,400**

Contract liabilities	31 December 2021 $	30 June 2021 $
Opening balance 1 July	179,650	44,545
Payments received in advance	-	550,533
Transfer to revenue	(172,892)	(415,428)
Closing balance	**6,758**	**179,650**

No information has been provided about remaining performance obligations at 31 December 2021 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 2021 $	31 December 2020 $
Loss for the period attributable to owners of Identitii Limited	(1,724,365)	(2,225,763)
Weighted-average number of ordinary shares		
Issued ordinary shares at 1 July	151,791,071	81,778,198
Effect of shares issued during the period	14,520,673	28,316,261
Weighted-average number of ordinary shares at 31 December	166,311,744	110,094,459
Basic and diluted loss per share (cents)	**(1.04)**	**(2.02)**

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 2021 and 31 December 2020.

8. Equity-accounted investees

	31 December 2021 $	30 June 2021 $
Investment in associates	**1,085,002**	**-**

On 15 November 2021, x15ventures invested $0.7 million into Payble, diluting Identitii's shareholding in Payble from 60.1% to 44.2%. On this date it was determined that Identitii no longer retained control of Payble and, as a result, Payble went from being a subsidiary to an investment in associate. Refer to Note 13 for further information on investment in associates.

On the date control was lost, Identitii derecognised the assets and liabilities of Payble from the consolidated statement of financial position and recognised its investment in Payble at fair value. This resulted in a gain on loss of control of $1,860,064 in the consolidated statement of profit or loss for the half-year ended 31 December 2021.

9. Loans to equity-accounted investees

	31 December 2021 $	30 June 2021 $
Current	120,000	-
Non-current	839,144	-
Loan to Payble Pty Ltd	**959,144**	**-**

9. Loans to equity-accounted investees (continued)

During the prior year, Identitii sold intellectual property (IP) to Payble for $1.0 million under an Intellectual Property Agreement. Payment of this IP-related Assignment Fee commenced during the current period. It will continue to be repaid in monthly instalments over two years and is indexed against Payble's revenue growth. If repayments have not reached $1.0 million by 30 November 2023, a final top-up payment will be made by Payble on 1 December 2023.

10. Share capital

	Ordinary shares			
	31 December 2021		30 June 2021	
	$	Number of shares	$	Number of shares
In issue at the beginning of the period	25,775,278	151,791,071	17,930,105	81,778,198
Issued for cash, net of costs of equity – entitlement offer	-	-	1,832,720	27,259,400
Issued in settlement of Director loan	20,000	285,714	80,000	1,142,857
Issued for cash, net of costs of equity – placement	5,695,132	37,500,000	3,903,426	27,500,000
Issued for cash, net of costs of equity – share purchase plan	-	-	1,978,750	13,698,630
Issued not for cash – consideration for marketing services	-	-	50,277	411,986
Issued for cash, net of costs of equity – rights issue	1,375,720	8,774,914	-	-
In issue at the end of the period – authorised, fully paid and no par value	**32,866,130**	**198,351,699**	**25,775,278**	**151,791,071**

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

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 7 July 2021, the Company issued 285,714 shares at $0.07 per share to John Rayment in final settlement of his loan.

On 1 November 2021, as part of a placement to sophisticated and institutional investors, the Board approved the issue of 37,500,000 ordinary shares in the Company at a price of $0.16 per share.

On 24 November 2021, as part of a rights issue to existing shareholders, the Board approved the issue of 8,774,914 ordinary shares in the Company at a price of $0.16 per share.

10. Share capital (continued)

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 14.

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

Other reserves comprises the notional equity gain on dilution of the parent entity's ownership interest in its subsidiary without a loss of control.

Dividends

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

11. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest (NCI), after intra-group eliminations.

On 15 November 2021, the Company's ownership interest in Payble decreased from 60.1% to 44.2% and it was determined the Company no longer retained control of Payble. Non-controlling interests for the current period are calculated up to the date control was lost. The results below show the position as at 15 November 2021, the date the ownership interest in Payble reduced.

	Payble Pty Ltd	
NCI percentage	**39.9%**	**39.9%**
	15 November 2021 $	**30 June 2021 $**
Current assets	567,336	925,258
Non-current assets	2,003	2,258
Current liabilities	79,443	28,926
Net assets	**489,896**	**898,590**
Net assets attributable to NCI	195,469	411,917
Loss after tax	408,694	203,116
Total comprehensive loss	**408,694**	**203,116**
Loss allocated to NCI	163,069	48,432
Other comprehensive loss allocated to NCI	163,069	48,432

11. Non-controlling interest (continued)

	Payble Pty Ltd	
NCI percentage	**39.9%**	**39.9%**
	15 November 2021 $	**30 June 2021 $**
Cash flows from operating activities	(377,177)	(174,868)
Cash flows from investing activities	(544,668)	(3,327)
Cash flows from financing activities	-	1,100,040
Net (decrease)/increase in cash and cash equivalents	**(921,845)**	**921,845**

12. 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:

	Transaction values for period ended 31 December		Balance outstanding as at 31 December	
Transactions	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Loan from Director – John Rayment	20,000	80,000	-	20,000

An unsecured loan for $100,000 with no interest was advanced from John Rayment to the Company in March 2020. During the prior period, $80,000 of this loan was converted to equity by issuing 1,142,857 shares at $0.07 per share. On 7 July 2021, a further 285,714 shares at $0.07 per share were advanced to John Rayment in full and final settlement of his loan.

13. 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 2021 %	**30 June 2021 %**
Payble Pty Ltd	Australia	44.2%	-

13. 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.

There is no information for the period up to and including 30 June 2021 as Payble was a subsidiary. The information presented in the 31 December 2021 table includes the results of Payble for the period from 15 November – 31 December 2021 when Payble was an equity-accounted investee.

	Payble Pty Ltd	
	31 December 2021 $	**30 June 2021 $**
Summarised statement of financial position		
Current assets	1,034,297	-
Non-current assets	979,634	-
Total assets	2,013,931	-
Current liabilities	179,461	-
Non-current liabilities	839,144	-
Total liabilities	1,018,605	-
Net assets	**995,326**	**-**
Summarised statement of profit or loss and other comprehensive income		
Loss after tax	193,209	-
Total comprehensive loss	**193,209**	**-**
Reconciliation of the Group's carrying amount in associate		
Opening carrying amount	-	-
Fair value on date control was lost	1,170,400	-
Share of associate loss after tax	(85,398)	-
Closing carrying amount	**1,085,002**	**-**

14. Share based payment arrangements

For the period ended 31 December 2021, the Group recognised a share based payment expense of $270,520 in the statement of profit or loss (31 December 2020: $386,300) under the following share based payment arrangements.

		Share options			
		31 December 2021		30 June 2021	
		$	Number of options	$	Number of options
Director options	*(i)*	727,201	12,358,082	599,406	10,358,082
Canaccord options	*(ii)*	992,485	-	992,485	1,950,000
Gleneagle options		165,740	5,000,000	165,740	5,000,000
Equity incentive plan	*(iii)*	2,902,096	16,499,417	2,759,371	18,024,417
In issue at end of period		**4,787,522**	**33,857,499**	**4,517,002**	**35,332,499**

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

(i) Share options issued to Directors

Nicholas Armstrong and Steven James (equity settled)

On 6 July 2021, Nicholas Armstrong and Steven James were granted 1,000,000 share options each at an exercise price of $0.25 per share in their capacity as Non-Executive Directors. The share options will vest in two equal tranches, for each 12 months of continuous service to the Company and the Board, and expire on 8 July 2024.

Nicholas Armstrong resigned as Non-Executive Director of the Company on 7 October 2021 and, as a result, his share options will not vest.

The fair value of the options was measured using a Black-Scholes valuation model. A share based payment expense of $26,030 in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2021.

John Rayment (equity settled)

A share based payment expense of $101,765 in relation to John Rayment's share options has been recognised in the statement of profit or loss for the period ended 31 December 2021.

(ii) Share options issued to supplier of services

Canaccord Genuity (Australia) Limited (equity settled)

The 1,950,000 share options previously granted to Canaccord Genuity (Australia) Limited (Canaccord), in consideration for corporate advisory services, expired on 1 July 2021.

14. Share based payment arrangement (continued)

(iii) Equity Incentive Plan (equity settled)

New share options granted to employees

During the period, the Company granted 375,000 share options at an exercise price of $0.15 per share to eligible employees. The share options vest from grant date over three years pending continued service with the Company and expire on 1 July 2026.

The fair value of the options was measured using a Black-Scholes valuation model. A share based payment expense of $5,639 in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2021.

Share options previously granted to employees

A share based payment expense of $137,086 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 2021.

During the period, 1,900,000 unvested share options under the EIP were forfeited in relation to employees who left the Company.

15. Fair value measurements

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

16. Subsequent events

- On 21 January 2022, the Company issued:
  - 1,693,750 shares at $0.16 per share as consideration for capital raising fees and investor relation services provided to the Group,
  - 375,000 shares at $0.08 per share as consideration for marketing and branding services provided to the Group, and

    5,000,000 share options as consideration for a successful capital raise. These share options are exercisable at $0.24 per share and expire on 20 January 2024.
- On 24 January 2022, the Company announced the appointment of Merilyn Speiser and Richard Thomas as Advisors to the Board of Directors. In addition to their advisory roles, Merilyn joins as a Member of the Nomination and Remuneration Committee and Richard joins as a Member of the Audit and Risk Committee.

Other than the matters discussed above, 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

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 12 to 34 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 2021 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:

Steven James
Chairman

Sydney
24 February 2022

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

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 2021, 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 2021 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.

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 2021 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

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 24 February 2022

identitii

Registered Office:

Level 2, 129 Cathedral St
Woolloomooloo, 2011
NSW, Australia

investors@identitii.com
www.identitii.com