

**APPENDIX 4E STATEMENT**  
(Listing rule 4.3A)

**IDENTITII LIMITED**  
**FINAL REPORT**  
for the year ended 30 June 2022

<b>Results for announcement to the market</b>				
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>% change to prior year</b>	
	<b>\$</b>	<b>\$</b>		
<b>1. Revenues from ordinary activities</b>	1,457,627	1,364,197	up	7%
<b>2. Loss after tax attributable to members</b>	(4,833,962)	(5,825,443)	down	17%

<b>Dividend information</b>	
<b>3. Total dividend per ordinary share</b>	No dividends were proposed for the year ending 30 June 2022 and 30 June 2021.
<b>4. Record date for determining entitlements to the final dividend</b>	Not applicable

<b>5. Net tangible asset per security</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Net tangible assets	7,432,594	4,945,118
	<b>Number of shares</b>	<b>Number of shares</b>
Total number of ordinary shares of the Company	200,809,923	151,791,071
Net tangible asset backing per ordinary security	\$0.04	\$0.03

This information should be read in conjunction with 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 4E disclosure requirements can be found in the Director's Report and the Consolidated Financial Report for the year ended 30 June 2022, which has been independently audited by RSM. The Independent Audit Report by RSM is included in the Consolidated Financial Report for the year ended 30 June 2022.



# Annual Report

# FY 22

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ASX:ID8

Identitii Ltd

ABN: 83 603 107 044

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## About Identitii

Identitii is helping regulated entities build trust and ensure clarity, confidence and compliance.

# A letter from our Chairperson

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

Tim Phillipps, Board Chairperson

Dear Fellow Shareholder,

The regulatory environment in which our company operates has continued to evolve in FY22, as has how we help our customers and the industry respond to those challenges. We are now well positioned with exemplary leadership, a team deeply experienced in the payments environment, and an agile and cost-effective technology platform to truly take advantage of the growing market opportunity.

With the support and tireless efforts of our CEO and commercial and product team, we have successfully navigated our way through a well-planned and considered period of rebuilding and laying solid foundations for future growth. We have and will continue to focus on the right outcomes to deliver real market penetration and long-term shareholder value.

## Market context and future opportunity

The growth of digital payments platforms and channels remains constant. Volumes of payment activity continue to increase. As new payment providers enter the market and the breadth of payment regulations seems to expand endlessly, the challenges the industry faces in reaching and demonstrating compliance become more complex.

Our focus on capturing, managing and reporting payment transactions efficiently and comprehensively creates significant compliance confidence for payment providers and regulators. This is the essence of our future market opportunity—a comprehensive store of payment activity and simplified technology to make sense of it.

## Focus on product and sales

Our product team has positioned our business incredibly well to take advantage of the emerging market opportunity with a highly efficient and agile

technology that enables our platform to incrementally serve many more sectors and geographically diverse clients while simultaneously reducing the cost to serve. This will drive significant long-term value.

Equally, it has positioned the sales and marketing team to attack the accessible market with confidence. This impact is already evident in a very deep and diverse pipeline of potential clients.

## Our team

The team assembled over the past 12 months is nothing short of extraordinary. They deeply understand the payments sector, have captured the opportunity, and implemented a product strategy that will monetise demand for the future. The platform the team has built, and continues to expand, provides a strong foundation for growth in a remarkably short time. I continue to be encouraged by the team's focus on client experience and delivering our strategic aspirations. They are cohesive and culturally strong, and I am confident they will drive the future.

## Board expansion

We have also recently expanded our board to ensure a balanced and appropriate diversity of sector skills, experience and strategic thinking to enhance our success. I am pleased to welcome Rhyll Gardner and Simon Griffin to the Board.

Rhyll has an extensive career in banking, including senior executive positions with St. George, Westpac, BOQ and Suncorp. She has a proven track record of managing market risk and compliance, including digitising operations. She has lived and breathed the challenges that Identitii now solve.

Simon is a senior executive experienced in helping high-growth, technology-led businesses to grow and scale. He was the CEO of xe.com and the merged HiFX business, executing a strategy to ensure XE became an internationally recognised payments provider and adding value and bottom-line results.

I am excited by the work the team has done over the past 12 months and am confident that as a result, our journey forward will be successful and drive shareholder value for the future. I am honoured to have been invited to Chair this very capable team.

Tim Phillipps, Board Chairperson

# A letter from our CEO

Dear shareholders and friends,

Thank you for your support and interest in Identitii. I am pleased to report that during FY22 the Company made strong progress on our plans to drive mass adoption of our technology platform in Australia, New Zealand and other global markets. In addition to our brand, the Company progressed four critical assets which should materially increase our market capitalisation in the coming year/s.

We invested in People to rapidly increase the level of payments expertise within the Company, which has changed our technology strategy and our sales process, enabling faster customer growth. We invested in our Platform so prospective customers can experience our technology, which has already increased the speed of deals through our pipeline, also enabling faster customer growth. We invested in our Patent, advancing the program to monetise our US Patent, and applications in several other important global markets, which collectively have massive value creation potential. We supported our investment in Payble together with CommBank's x15ventures, which is starting to show encouraging signs of growth having delivered several key milestones throughout the year.

## The innovation adoption curve

Identitii is innovating the way reporting entities (financial services businesses) compile, review and submit mandatory transaction reporting to government regulators, currently in Australia with New Zealand next, then potentially the Canadian market and other global markets to follow. These reporting obligations are certainly not new, but the use of cloud technology to augment or replace manual processes, to reduce non-compliance risk, to reduce human error risk, to reduce operating costs, and to enable data trend analysis – is relatively new. The Company is capitalising on an emerging opportunity where industry focus and investment is being driven by Boards, Executive teams and Government regulators. We are at the initial “innovators” stage of the innovation adoption curve and investing in sales and marketing to

accelerate into the “early adopters” and then “early majority” stages.

## Payments industry expertise

Without question, the biggest asset of any business is its people. Since inception, Identitii has always attracted great people, highly motivated and capable individuals that have built the Company we are today. Over the past twelve months, particularly since our Chief Commercial Officer, Joe Higginson, joined us from Investec Bank in the UK, the Company has been heavily focused on attracting people who have worked with our prospective customers, who understand the scale and complexity of the problem we're solving and how buying processes work. Having this experience in the business is critical to our future success, to ensure we're building the right solutions, projecting the right messages, and converting interest into customers. We have made enormous gains in critical functions like sales, product, operations and finance, that will contribute significantly to progressing our plans.

## One platform strategy

As a function of its early growth plans, Identitii currently maintains several slightly different products, hosted on physical and multiple cloud environments for HSBC Hong Kong, HSBC Australia, Mastercard and (together) the balance of our current and future customers, who sit on the new Identitii SaaS platform. These early strategic growth decisions have created friction between the need to service existing, bespoke customer contracts, and the need to build a scalable future. The great news is that with payments industry expertise has come achievable plans, that are already well underway, to resolve this complexity by focusing on only one platform, one cloud environment, one product roadmap and one future. This new “one platform strategy” is already showing benefits and in the coming year should deliver lower technology costs, higher sales conversion rates and ultimately faster growth.

## Our investment in Payble

Payble, Identitii's joint venture with CommBank's x15ventures, is the world's first “bill payment engagement platform”, helping large billing organisations in Australia solve the problem that each year more than 75 million bills aren't paid on time. Several key early-stage milestones were delivered in FY22, laying solid foundations for



future growth in Payble and the value of Identitii's investment. These milestones include their first customer, Energy On, going live on the platform to validate the technology; three new large billing customers signing contracts, in City of Kingston, Moreton Bay Regional Council and Cessnock City Council; becoming the first consumer payments company in Australia to be granted Consumer Data Right (CDR) accreditation; and receiving further capital investment from CommBank, accompanied by the appointment of Elise Fairbairn, Managing Director, Institutional Banking & Markets to the Board of Directors.

### Summarising the year

We continue to see growing interest from across the industry, in Australia and New Zealand, and several other global markets, for an automated solution to manual regulatory reporting processes. We have focused heavily on building a team of industry experts to ensure the Company is well-placed to capitalise on these opportunities, and we have designed and implemented a cloud technology strategy to ensure it is easy to experience our platform and make rapid buying decisions. We also welcomed several new customers to the new Identitii SaaS platform this year further validating our strategy, including Novatti Group and both Standard Chartered and Rabobank in Australia. Reflecting on FY22, I am confident the Company has put the right foundations in place, ensuring we are well-placed to move quickly along the innovation adoption curve in the year ahead.

I hope you enjoy reading our annual report. Thank you for your continued support of the Board, the Executive and our Team.

Regards,  
John Rayment  
Chief Executive Officer

## FY22 Highlights

### H1

- Global payments company Novatti signed three-year licence
- Standard Chartered Australia signed three-year licence
- New SaaS platform launched to boost addressable market
- Strategic initiatives to monetise US patent progress
- Novatti went live with SaaS platform for AUSTRAC reporting
- HSBC launched DART, built on Identitii technology, in Australia and Singapore
- Identitii platform processes over 1.5 million payment messages
- CBA invested additional \$0.7 million in Payble
- \$0.9 million R&D Tax Incentive rebate received in relation to FY21
- \$7.4 million raised via Placement and Shareholder Rights Issue

### H2

- Rabobank signed five-year licence
- New platform sandbox released enabling accelerated new customer growth
- New Board welcomes former banking and international payments CEOs
- New CFO with former ANZ, Thomson Reuters and Nestle experience
- Revenue from customers up 7% from FY21
- 684% growth in revenue from customers (FY18-FY22)

## 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 year ended 30 June 2022 and the auditor's report thereon.

### Directors

The Directors of the Company at any time during the year ended 30 June 2022 and up to the date of this report are:

Name, qualification and independence status	Experience, special responsibilities and other directorships
<b>Executive</b>	
Mr. John Rayment <i>Dip Proj Mgt, Dip Bus Mgmt, Dip Bus Mktg</i> <i>Executive Director</i>	John brings a wealth of experience to Identitii, having supported many early-stage ventures through sharp periods of growth. He has held board and executive roles at Travelex across the globe and has proven success in helping businesses to scale in line with rapidly expanding customer demand.  John is the Chief Executive Officer/Managing Director of the Company.
<b>Non-Executive</b>	
Mr. Timothy Phillipps <i>Dip Arts</i> <i>Independent Non-Executive Director</i> <i>Chairperson</i>	Tim is a Financial Crime and RegTech expert with 45 years of industry experience, most recently at Deloitte, where he held Global and Asia-Pacific roles in financial crime compliance and analytics, and prior to that with ASIC as Director of Enforcement.  Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.
Ms. Rhyll Gardner <i>B. Comm, B. Econ, M. Applied Finance, MBA (Exec), F FIN, GAICD</i> <i>Independent Non-Executive Director</i>  Appointed 2 June 2022	Rhyll is an active and experienced Non-Executive Director, building on 35 years of senior executive experience in banking and finance with ASX listed banks including St.George, Westpac, BOQ and Suncorp. She also brings to the Company over 15 years of board and committee experience across multiple sectors.  Chair of the Audit and Risk Committee.

Name, qualification and independence status	Experience, special responsibilities and other directorships
<b>Non-Executive</b>	
<p>Mr. Simon Griffin <i>BA (Economics)</i> <i>Independent Non-Executive Director</i></p> <p>Appointed 2 June 2022</p>	<p>Simon has had a 20-year career working across Management Consulting, International Payments and fast growing technology companies. In particular, he spent over 10 years working in senior and executive roles within International Payments at ASX listed OFX where he was Chief Commercial Officer followed by 3 years in the UK at HiFX and XE.com. In addition, Simon has significant expertise in scaling technology businesses including Prospa and Car Next Door. During his career Simon has led teams across Strategy, Sales, Marketing, Operations and Customer Service. As CEO of global, international payments player Xe.com, he had ultimate accountability for ensuring profitable growth in a highly competitive and challenging market with ever increasing regulatory and compliance hurdles.</p> <p>Chair of the Nomination and Remuneration Committee.</p>
<p>Mr. Steven James <i>M(Fin Serv) Law, NSAA, Dip FM, GAICD</i> <i>Independent Non-Executive Director</i> <i>Chairman</i></p> <p>Resigned 2 June 2022</p>	<p>Steve has held senior leadership and board positions at multiple public and private organisations, including the Commonwealth Bank of Australia, CommSec, Aston Consulting, Motorcycling Australia and Seer Asset Management. He also played a pivotal role in developing the first online stockbroking business for financial planners, which was later sold to CommSec.</p>
<p>Mr. Nicholas Armstrong <i>B. Sc</i> <i>Non-Executive Director</i></p> <p>Resigned 7 October 2021</p>	<p>Nicholas is an entrepreneur, with over 15 years' experience in building and scaling technology businesses. Nicholas was founder and CEO of COZero Holdings Ltd, an energy technology company, until it was taken over by a Japanese strategic investor in 2013. Nicholas co-founded Identitii in 2014 with Eric Knight and was the CEO for 6 years before moving into the role of Non-Executive Director in May 2020.</p>



## Company secretary

Elissa Hansen has over 20 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She has worked with boards and management on a range of ASX listed companies including assisting companies through the IPO process. Elissa is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act and other relevant legislation.

## Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Timothy Phillipps	11	11	3	3	-	-
John Rayment	11	11	-	-	-	-
Rhyll Gardner	-	-	-	-	-	-
Simon Griffin	-	-	-	-	-	-
Steven James	11	10	3	3	-	-
Nicholas Armstrong	4	4	1	1	-	-

A Eligible to attend  
B Attended

## 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 both 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 year ended 30 June 2022 are noted below.

## Review of operations

### a) Business highlights

- On 30 July 2021, the Group announced it had signed a three-year licence agreement with Novatti Group Limited for its 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 the risk of non-compliance with transaction 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.

### Review of operations (continued)

- 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 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 16 June 2022, the Company announced it had signed a five-year software licence agreement with Rabobank Australia for its SaaS platform, worth \$0.6 million.

### b) Corporate activity

- 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.
- On 7 October 2021, Nicholas Armstrong resigned as Non-Executive Director.
- 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 1 December 2021, Trent Jerome resigned as Chief Financial Officer of the Group.
- 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 4 February 2022, the Company announced the appointment of Marilyn Speiser and Richard Thomas as Advisors to the Board of Directors. In addition to their advisory roles, Marilyn joins as a Member of the Nomination and Remuneration Committee and Richard joins as a Member of the Audit and Risk Committee.
- On 2 June 2022, the Company announced the appointment of two Non-Executive Directors to the Board, namely Rhyll Gardner and Simon Griffin, and the appointment of Catherine Lin as Chief Financial Officer. Furthermore, Steven James resigned from the Board and was replaced as Chairperson by Timothy Phillipps with immediate effect.

### Review of financial conditions

The Group reported revenue from contracts with customers of \$1,457,627 for the year ended 30 June 2022 (30 June 2021: \$1,364,197), an increase of 7% from the prior year. The Group reported a net loss after tax of \$4,997,031 for the year ended 30 June 2022 (30 June 2021: \$5,873,875) which was substantially driven by salary and employee benefit expenses and expenditure on research and development (R&D) related activities.

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**Review of financial conditions (continued)**

The Group had a positive net current asset balance of \$5,635,074 and a positive overall net asset balance of \$7,432,594 at 30 June 2022.

The Group had \$5,074,133 of cash and cash equivalents on hand at 30 June 2022 and reported a net cash outflow from operating activities of \$6,014,695 during the year ended 30 June 2022.

**Significant changes in the state of affairs**

During the year ended 30 June 2022, x15ventures invested a further \$0.7 million into Payble Pty Ltd (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 are now 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 year ended 30 June 2022, other than noted above.

**Dividends**

No dividends were declared or paid by the Company during the financial year ended 30 June 2022.

**Events subsequent to reporting date**

On 27 July 2022, the Board approved the conversion of the balance of the Payble loan into shares at the next Payble capital raise. The loan will be converted at the same valuation and price as other investors that participate in the capital raise. This will allow Payble to focus cash on growth activities.

Other than the matters discussed above, there has not arisen in the interval between the end of the year 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.

**Likely developments**

The Group will continue to develop the Identitii platform whilst continuing to serve existing customers, sign new customers and grow its pipeline of partners. This will require further investment in product and business development and marketing. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group.

**Environmental regulation**

The Group's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

**Directors interests**

The relevant interest of each Director in the shares and options over shares issued by the companies within the Group, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

## Directors interests (continued)

	Ordinary shares	Options over ordinary shares
Timothy Phillipps	846,155	-
John Rayment <sup>(1)</sup>	1,590,608	8,000,000
Rhyll Gardner	-	-
Simon Griffin	-	-
Steven James <sup>(2)</sup>	100,000	1,000,000
Nicholas Armstrong <sup>(3)</sup>	8,840,044	2,350,000

<sup>(1)</sup> Shares held by Elore Pty Ltd, of which John Rayment is a beneficiary.

<sup>(2)</sup> Steven James ceased as a Non-Executive Director on 2 June 2022. The shares and options held balance is at date of cessation.

<sup>(3)</sup> Nicholas Armstrong ceased as a Non-Executive Director on 7 October 2021. The shares and options held balance is at date of cessation. HSBC Custody Nominees (Australia) Pty Ltd acted as custodian over 7,000,000 shares for security purposes pursuant to a Master Loan Agreement and Deed of Security entered into with Nicholas Armstrong in his personal capacity, however Nicholas Armstrong remained the ultimate beneficial owner of the shares. Majority of the balance of the shares and the options were held by 275 Invest 2 Pty Ltd ATF the 275 Investment Trust, of which Nicholas Armstrong is a beneficiary.

## Share options

### Unissued shares under option

At the date of this report, unissued shares of the Group under option are:

Expiry date	Exercise price	Number of shares
2 October 2022	\$0.75	2,292,686
8 October 2022	\$0.75	50,000
21 October 2022	\$0.15	2,000,000
19 November 2022	\$0.75	97,169
1 January 2023	\$0.75	100,000
14 January 2023	\$0.75	14,018
11 February 2023	\$0.75	12,191
6 March 2023	\$0.75	49,680
18 March 2023	\$0.75	30,548
27 May 2023	\$0.75	100,000
20 January 2024	\$0.24	5,000,000
8 July 2024	\$0.25	2,000,000
21 October 2025	\$0.15	8,000,000
1 January 2026	\$0.15	10,141,988

## Share options (continued)

Expiry date	Exercise price	Number of shares
1 July 2026	\$0.15	375,000
7 January 2027	\$0.15	150,000
2 March 2027	\$0.15	750,000
14 March 2027	\$0.15	150,000
1 July 2028	\$0.75	358,082
1 August 2028	\$0.75	1,928,125
<b>Total unissued shares under option</b>		<b>33,599,487</b>

All unissued shares are ordinary shares of the Company.

All options issued to employees under the Group's Equity Incentive Plan expire on the earlier of their expiry date or termination of the employee's employment, unless approved otherwise by the Board. All other options expire on their expiry date.

Further details about share-based payments to Directors and Key Management Personnel are included in the remuneration report in Table 1.

### Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares of the Company were issued by the Group as a result of the exercise of options.

### **Indemnification and insurance of officers and auditors**

The Company has entered into a director protection deed with each Director. Under these deeds, the Company indemnifies the Directors against all liabilities to another person that may arise from their position as Director of the Company and its controlled entities.

The Company has not indemnified or made a relevant agreement for indemnifying against a liability to any person who is or has been an auditor of the Group.

The Group paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for the year ended 30 June 2022 and subsequent to the year end. Such insurance contracts insure against certain liability (subject to specific exclusions), persons who are or have been Directors or Executive Officers of the Group.

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year are outlined in Note 27 to the financial statements.

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### Non-audit services (continued)

The Board is satisfied that the provision of non-audit services during the financial year, by the auditor, is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### Officers of the Company who are former partners of RSM

There are no officers of the Company who are former partners of RSM.

### Proceedings on behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

### 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 21 and forms part of the Directors' report for the year ended 30 June 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.



## Audited Remuneration Report

The Directors present the Remuneration Report (the Report) for the Company and its subsidiaries (the Group) for the year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with Section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Group's Key Management Personnel (KMP):

- Executive Directors and other KMP
- Non-Executive Directors

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

### 1. Principles of remuneration

The performance of the Group depends upon the quality and commitment of the Directors and Executives. The philosophy of the Directors in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate hurdles for variable executive remuneration.

The Nomination and Remuneration Committee reviews and makes recommendations to the Board on the Group's remuneration policies, procedures and practices. It also defines the individual packages offered to Executive Directors and KMP, for recommendation to the Board.

The Board may consider engaging an independent remuneration consultant to advise the Board on appropriate levels of remuneration relative to its industry peer group.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of Non-Executive Director and Executive remuneration is separate and distinct as follows:

#### a) Non-Executive Directors

##### **Fixed and variable remuneration**

The Board seeks to set Non-Executive Directors' remuneration at a level that provides the Group with the ability to attract and retain Directors of a high calibre whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. This amount has been fixed by the Company at \$250,000. The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from shareholders and takes into account the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Non-Executive Directors' base fees cover all main board activities and membership of all committees; however, they do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation. Non-executive Directors are entitled to participate in the Equity Incentive Plan.

## 1. Principles of remuneration (continued)

Year ended to	30 June 2022 \$	30 June 2021 \$
Chairperson fee	75,000	75,000
Non-Executive Director fee	50,000	50,000

### b) Executives and Executive Director remuneration

Remuneration for Executives and Executive Directors consists of fixed and variable remuneration only.

#### **Fixed remuneration**

Fixed remuneration is reviewed annually by the Directors. The process consists of a review of relevant comparative remuneration in the employment market and within the Group. The Group may engage an independent remuneration consultant to advise the Board on appropriate levels of remuneration for the Group's Executive Directors relative to its industry peer group.

#### **Variable remuneration**

Variable remuneration is provided in the form of share options under the Group Equity Incentive Plan (EIP). Under the EIP, one share option entitles the holder to one share in the Company subject to vesting conditions. Executives and Executive Directors vesting conditions are linked to continued years of service and may be linked to performance hurdles. The Board have the discretion to settle share options with a cash equivalent payment. Participants in the EIP will not pay any consideration for the grant of the share option unless determined otherwise. Share options will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Directors. If the executive's employment terminates before the share options have vested, the share options will lapse, unless approved otherwise by the Board.

## 2. Details of remuneration

Details of the remuneration of the KMP as defined in *AASB 124 Related Party Disclosures* are set out in Table 1 which follows.

The KMP of the Group have authority and responsibility for planning, directing and controlling the activities of the Group. The KMP make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Group's financial standing.

The KMP of the Group are the Executive and Non-Executive Directors and the Chief Financial Officer.

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other KMP of the Group are:

<i>Table 1</i>	Short-term benefits	Post- employment	Other long-term benefits	Termination benefits	Share-based payments	Total	% share-based payments
	Salary	Superannuation	(A)		Share options (B)		(variable)
<i>Year ended 30 June 2022</i>	\$	\$	\$	\$	\$	\$	
<b><u>Executive Directors</u></b>							
John Rayment <sup>(1)</sup>	285,000	28,500	19,107	-	201,616	534,223	38%
<b><u>Non-Executive Directors</u></b>							
Timothy Phillipps	50,000	-	-	-	-	50,000	-
Rhyll Gardner <sup>(2)</sup>	4,030	-	-	-	-	4,030	-
Simon Griffin <sup>(2)</sup>	4,030	-	-	-	-	4,030	-
Steven James <sup>(3)</sup>	69,165	-	-	-	16,084	85,249	19%
Nicholas Armstrong <sup>(4)</sup>	12,266	1,227	-	-	-	13,493	-
<b><u>Other KMP</u></b>							
Catherine Lin <sup>(5)</sup>	12,500	1,250	962	-	-	14,712	-
Trent Jerome <sup>(6)</sup>	95,833	9,583	-	12,974	(26,267)	92,123	-
<b>Total</b>	<b>532,824</b>	<b>40,560</b>	<b>20,069</b>	<b>12,974</b>	<b>191,433</b>	<b>797,860</b>	

<sup>(1)</sup> Salary increased from \$260,000 to \$310,000 per annum effective 1 January 2022.

<sup>(2)</sup> Appointed 2 June 2022.

<sup>(3)</sup> Remuneration invoiced via Aston Consulting Pty Ltd of which Steven James is a beneficiary. Resigned 2 June 2022.

<sup>(4)</sup> Resigned 7 October 2021.

<sup>(5)</sup> Appointed 15 June 2022.

<sup>(6)</sup> Resigned 30 November 2021.

Table 1

	Short-term benefits		Post-employment	Other long-term benefits	Share-based payments	Total	% share-based payments
	Salary	Consulting fee	Superannuation	(A)	Share options (B)		(variable)
Year ended 30 June 2021	\$	\$	\$	\$	\$	\$	
<b>Executive Directors</b>							
John Rayment <sup>(1)</sup>	226,667	-	21,533	14,107	442,384	704,691	63%
<b>Non-Executive Directors</b>							
Steven James <sup>(2)</sup>	64,425	-	-	-	-	64,425	-
Timothy Phillipps <sup>(3)</sup>	4,762	-	-	-	-	4,762	-
Nicholas Armstrong <sup>(4)</sup>	45,662	34,800	4,338	-	47,674	132,474	36%
<b>Other KMP</b>							
Trent Jerome <sup>(5)</sup>	95,833	-	9,104	5,603	52,837	163,377	32%
Margarita Claringbold <sup>(6)</sup>	84,600	-	-	-	-	84,600	-
<b>Total</b>	<b>521,949</b>	<b>34,800</b>	<b>34,975</b>	<b>19,710</b>	<b>542,895</b>	<b>1,154,329</b>	

<sup>(1)</sup> Salary increased from \$210,000 to \$260,000 per annum effective 1 March 2021.

<sup>(2)</sup> Remuneration invoiced via Aston Consulting Pty Ltd of which Steven James is a beneficiary.

<sup>(3)</sup> Appointed 27 May 2021.

<sup>(4)</sup> Share options held via 275 Invest 2 Pty Ltd of which Nicholas Armstrong is a beneficiary.

<sup>(5)</sup> Appointed 1 February 2021.

<sup>(6)</sup> Remuneration invoiced via Gram Accounting & Advisory Pty Ltd of which Margarita Claringbold is a beneficiary. This includes remuneration for CFO, accounting and equity raise related services. Resigned 31 December 2020.

(A) In accordance with AASB 119 Employee Benefits, annual leave is classified as other long-term employee benefits.

(B) The fair value of share options is calculated at the grant date using an option-pricing model and allocated to each reporting period from grant date to vesting date depending on the vesting conditions attached to the options. The value disclosed is the portion of the fair value of the options recognised as an expense in the reporting period.

### 3. Service agreements

The following is a summary of the current major provisions of the agreement relating to remuneration of the Executive Director.

#### **John Rayment – Chief Executive Officer**

John Rayment is the Chief Executive Officer of the Group and is considered a key member of the Group's management team.

John receives a base salary of \$310,000 per annum plus superannuation and holds 8,000,000 share options with attached service and performance vesting conditions.

During the year ended 30 June 2022, no bonuses were paid to John Rayment.

#### **Employment conditions**

*Commencement date:* 19 March 2020

*Term:* Ongoing until notice is given by either party

*Review:* Annually

*Notice period required on termination:* 3 months by either party

*Termination benefits:* None

#### **Independent review**

To ensure the Group complies with industry best practice in relation to the remuneration of its Executive Director, the Non-Executive Directors of the Group will consider engaging the services of a remuneration consultant to conduct an independent assessment of the remuneration packages negotiated with its Executive Director.

The following is a summary of the current major provisions of the agreement relating to remuneration of Executive KMP:

#### **Catherine Lin – Chief Financial Officer**

Catherine Lin is the Chief Financial Officer of the Group and is considered a key member of the Group's management team.

Catherine receives a base salary of \$275,000 per annum plus superannuation.

*Commencement date:* 15 June 2022

*Term:* Ongoing until notice is given by either party

*Notice period required on termination:* 1 month by either party

*Termination benefits:* None

#### **Trent Jerome – Chief Financial Officer**

Trent Jerome was the Chief Financial Officer of the Group up to his resignation effective 30 November 2021.

Trent received a base salary of \$230,000 per annum plus superannuation and held 2,000,000 share options with attached service and performance vesting conditions. 400,000 of these share options were retained on termination with the balance forfeited.

#### 4. Equity instruments

All share options refer to options over ordinary shares of Identitii Limited, which are exercisable on a one-for-one basis under the Equity Incentive Plan (EIP).

##### a) Options over equity instruments granted as compensation

All options expire on the earlier of their expiry date or termination of the individual's employment. Vesting is conditional on the individual remaining in employment during the vesting period unless determined by the Board otherwise.

Share options were granted to KMP as compensation during the year ended 30 June 2022 as noted in the table below.

##### b) Analysis of movements in equity instruments

The movement during the year in the number of options over ordinary shares in Identitii Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2021	Granted/ (forfeited) during the year	Held at 30 June 2022	Vested during the year	Vested at 30 June 2022	Exercis- able at 30 June 2022
Timothy Phillipps	-	-	-	-	-	-
John Rayment	8,000,000	-	8,000,000	500,000	500,000	500,000
Rhyll Gardner	-	-	-	-	-	-
Simon Griffin	-	-	-	-	-	-
Steven James <sup>(1)</sup>	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Nicholas Armstrong <sup>(2)</sup>	1,350,000	1,000,000	2,350,000	450,000	1,350,000	1,350,000
Catherine Lin	-	-	-	-	-	-
Trent Jerome <sup>(3)</sup>	2,000,000	(1,600,000)	400,000	400,000	400,000	400,000

<sup>(1)</sup> Steven James ceased as a Non-Executive Director on 2 June 2022. The options held balance noted above is at the date he ceased employment with the Company.

<sup>(2)</sup> Nicholas Armstrong ceased as a Non-Executive Director on 7 October 2021. The options held balance noted above is at the date he ceased employment with the Company.

<sup>(3)</sup> Trent Jerome ceased as Chief Financial Officer on 30 November 2021. The options held balance noted above is at the date he ceased employment with the Company.

#### 5. KMP transactions

##### a) Loans from KMP and their related parties

There were no loans outstanding at the end of the year from KMP and their related parties, where the individual's aggregate loan balance exceeded \$100,000 in the reporting period.



## 5. KMP transactions (continued)

### b) Other transactions with KMP

A number of KMP, or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of that entity.

Terms and conditions of transactions with KMP and their related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

### c) Movement in shares

The movement during the year in the number of ordinary shares in Identitii Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2021	Acquired/ (disposed)	Held at 30 June 2022
Timothy Phillipps	-	846,155	<b>846,155</b>
John Rayment	1,304,894	285,714	<b>1,590,608</b>
Rhyll Gardner	-	-	-
Simon Griffin	-	-	-
Steven James <sup>(1)</sup>	-	100,000	<b>100,000</b>
Nicholas Armstrong <sup>(2)</sup>	9,609,275	(769,231)	<b>8,840,044</b>
Catherine Lin	-	-	-
Trent Jerome <sup>(3)</sup>	-	-	-

<sup>(1)</sup> Steven James ceased as a Non-Executive Director on 2 June 2022. The shares held balance noted above is at the date he ceased employment with the Company.

<sup>(2)</sup> Nicholas Armstrong ceased as a Non-Executive Director on 7 October 2021. The shares held balance noted above is at the date he ceased employment with the Company.

<sup>(3)</sup> Trent Jerome ceased as Chief Financial Officer on 30 November 2021. The shares held balance noted above is at the date he ceased employment with the Company.

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



Timothy Phillipps  
Chairperson

Sydney

29 August 2022

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Identitii Limited for the year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

**RSM AUSTRALIA PARTNERS**

 GNS

**Gary Sherwood**  
Partner

Sydney NSW  
Dated: 29 August 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2022 \$	30 June 2021 \$
Revenue from contracts with customers	8	1,457,627	1,364,197
Research and development tax incentive		1,190,700	905,319
Government grants	9	43,284	417,936
Other income		-	12,726
Interest income		498	1,823
Gain on loss of control of subsidiary	15	1,860,064	-
<b>Total revenue and other income</b>		<b>4,552,173</b>	<b>2,702,001</b>
<b>Expenses</b>			
Salaries and employee benefit expenses		3,109,750	2,690,002
Share-based payments	21	541,737	806,766
Consultants fees		707,506	886,805
Advertising and marketing		296,876	121,794
Depreciation and amortisation		99,254	402,013
General expenses		797,291	1,056,250
Interest expense		67	46,757
Legal expenses		290,293	151,536
Office expenses		495,521	435,698
Travel and accommodation		153,208	24,844
Short-term lease payments		55,721	24,292
(Reversal) / impairment on trade receivables		(1,825)	2,530
Gain on lease modification		-	(72,005)
Research and development expenses		2,736,559	1,998,594
Share of equity-accounted investee loss	30	267,246	-
<b>Total expenses</b>		<b>9,549,204</b>	<b>8,575,876</b>

	Note	30 June 2022 \$	30 June 2021 \$
<b>Loss before income tax</b>		<b>(4,997,031)</b>	<b>(5,873,875)</b>
Income tax expense	10	-	-
<b>Loss for the year</b>		<b>(4,997,031)</b>	<b>(5,873,875)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(73,375)	65,893
<b>Total comprehensive loss for the year</b>		<b>(5,070,406)</b>	<b>(5,807,982)</b>
<u>Loss for the year attributable to:</u>			
Owners of Identitii Limited		(4,833,962)	(5,825,443)
Non-controlling interests	22	(163,069)	(48,432)
		<b>(4,997,031)</b>	<b>(5,873,875)</b>
<u>Comprehensive loss for the year attributable to:</u>			
Owners of Identitii Limited		(4,907,337)	(5,759,550)
Non-controlling interests	22	(163,069)	(48,432)
		<b>(5,070,406)</b>	<b>(5,807,982)</b>
Basic and diluted loss per share (cents)	11	(2.64)	(4.46)

## Consolidated Statement of Financial Position

	Note	30 June 2022 \$	30 June 2021 \$
<b>Assets</b>			
Cash and cash equivalents	12	5,074,133	4,489,311
Research and development tax incentive receivable		1,193,963	905,319
Trade receivables	8	264,302	227,419
Other receivables		248,088	153,832
Contract assets	8	120,250	26,400
Loans to equity-accounted investees	16	120,000	-
<b>Current assets</b>		<b>7,020,736</b>	<b>5,802,281</b>
Intangible assets	13	-	57,006
Property, plant and equipment	14	88,052	101,536
Investment in equity-accounted investees	15,30	903,154	-
Loans to equity-accounted investees	16	779,144	-
Other non-current assets		27,170	-
<b>Non-current assets</b>		<b>1,797,520</b>	<b>158,542</b>
<b>Total assets</b>		<b>8,818,256</b>	<b>5,960,823</b>
<b>Liabilities</b>			
Trade and other payables	17	644,317	271,109
Employee liabilities and provisions	18	481,633	474,901
Contract liabilities	8	259,712	179,650
Borrowings and lease liabilities	19	-	33,039
<b>Current liabilities</b>		<b>1,385,662</b>	<b>958,699</b>
<b>Total liabilities</b>		<b>1,385,662</b>	<b>958,699</b>
<b>Net assets</b>		<b>7,432,594</b>	<b>5,002,124</b>

	Note	30 June 2022 \$	30 June 2021 \$
<b>Equity</b>			
Share capital	20	32,934,833	25,775,278
Share options reserve	21	3,900,514	4,517,002
Foreign currency translation reserve		(358)	73,017
Other reserves	22	-	688,123
Retained losses		(29,402,395)	(26,414,781)
<b>Equity attributable to owners of Identitii Limited</b>		<b>7,432,594</b>	<b>4,638,639</b>
Non-controlling interests	22	-	363,485
<b>Total equity</b>		<b>7,432,594</b>	<b>5,002,124</b>



## 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
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		<b>25,775,278</b>	<b>4,517,002</b>	<b>73,017</b>	<b>688,123</b>	<b>(26,414,781)</b>	<b>4,638,639</b>	<b>363,485</b>	<b>5,002,124</b>
Loss after tax		-	-	-	-	(4,833,962)	(4,833,962)	(163,069)	(4,997,031)
Other comprehensive income		-	-	(73,375)	-	-	(73,375)	-	(73,375)
<b>Total comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>(73,375)</b>	<b>-</b>	<b>(4,833,962)</b>	<b>(4,907,337)</b>	<b>(163,069)</b>	<b>(5,070,406)</b>
Loss of control of subsidiary	22	-	-	-	(688,123)	688,123	-	(200,416)	(200,416)
Issue of ordinary share capital	20	7,761,986	-	-	-	-	7,761,986	-	7,761,986
Costs of equity raising	20	(602,431)	-	-	-	-	(602,431)	-	(602,431)
Equity-settled share-based payments	21	-	541,737	-	-	-	541,737	-	541,737
Transfer share-based payments reserve to retained earnings	21	-	(1,158,225)	-	-	1,158,225	-	-	-
<b>Balance at 30 June 2022</b>		<b>32,934,833</b>	<b>3,900,514</b>	<b>(358)</b>	<b>-</b>	<b>(29,402,395)</b>	<b>7,432,594</b>	<b>-</b>	<b>7,432,594</b>

	Note	Share capital	Share option reserve	Foreign currency translation reserve	Other reserves	Retained losses	Total	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		<b>17,930,105</b>	<b>3,710,236</b>	<b>7,124</b>	<b>-</b>	<b>(20,589,338)</b>	<b>1,058,127</b>	<b>-</b>	<b>1,058,127</b>
Loss after tax		-	-	-	-	(5,825,443)	(5,825,443)	(48,432)	(5,873,875)
Other comprehensive income		-	-	65,893	-	-	65,893	-	65,893
Total comprehensive loss		-	-	65,893	-	(5,825,443)	(5,759,550)	(48,432)	(5,807,982)
Issue of ordinary share capital	20	8,063,347	-	-	-	-	8,063,347	-	8,063,347
Costs of equity raising	20	(218,174)	-	-	-	-	(218,174)	-	(218,174)
NCI acquisition without loss of control	22	-	-	-	688,123	-	688,123	411,917	1,100,040
Equity-settled share-based payments	21	-	806,766	-	-	-	806,766	-	806,766
<b>Balance at 30 June 2021</b>		<b>25,775,278</b>	<b>4,517,002</b>	<b>73,017</b>	<b>688,123</b>	<b>(26,414,781)</b>	<b>4,638,639</b>	<b>363,485</b>	<b>5,002,124</b>

## Consolidated Statement of Cash Flows

	Note	30 June 2022 \$	30 June 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,464,792	1,395,598
Receipts from government grants and tax incentives		945,340	1,192,781
Payments to suppliers and employees		(8,425,325)	(7,348,417)
<b>Cash flows utilised in operations</b>		<b>(6,015,193)</b>	<b>(4,760,038)</b>
Interest received		498	3,193
Interest and other costs of finance paid		-	(2,769)
<b>Total cash flows from operating activities</b>	24	<b>(6,014,695)</b>	<b>(4,759,614)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(65,335)	(45,136)
Proceeds from disposal of property, plant and equipment		2,309	-
Cash flows from loans to equity-accounted investees		70,000	-
Loss of control of subsidiary	22	(547,253)	-
Other investing cash flows		(27,170)	-
<b>Total cash flows from investing activities</b>		<b>(567,449)</b>	<b>(45,136)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		7,403,986	8,923,237
Transaction costs related to the issue of shares		(327,813)	(341,405)
Repayment of borrowings		-	(600,000)
Lease payments		(13,039)	(125,649)
Transaction costs related to borrowings and leases		(67)	(61,687)
Other financing cash flows		-	100,000
<b>Total cash flows from financing activities</b>		<b>7,063,067</b>	<b>7,894,496</b>

	Note	30 June 2022 \$	30 June 2021 \$
<b>Net increase in cash held</b>		<b>480,923</b>	<b>3,089,746</b>
Opening cash balance		4,489,311	1,411,309
Effect of movement in exchange rates		103,899	(11,744)
<b>Closing cash balance</b>	12	<b>5,074,133</b>	<b>4,489,311</b>

## 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 Street, Surry Hills, NSW 2010.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 30 June 2022 and the results of all subsidiaries for the year 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 29 August 2022.

### 2. Basis of preparation

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Details of the Group's accounting policies are included in Note 6.

#### Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

The statement of profit or loss and other comprehensive income for the year ended 30 June 2022 reflects a loss for the year of \$4,997,031 and total cash outflows from operating activities of \$6,014,695.

The Directors believe that it is reasonably foreseeable that the Company 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 considering the following:

- The Group has \$5,074,133 in cash and cash equivalents as at the balance date;
- The Group successfully raised \$7,403,986 in funding during the year and currently has placement capacity to issue up to 49,715,638 securities (under ASX Listing Rules 7.1 and 7.1A) without the requirement for additional shareholder approval, in the event future funding is required;
- 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.

Consequently, the Directors have concluded there are reasonable grounds to believe that the Group will continue to be able to pay its debts as and when they become due and payable for a period of no less than 12 months from the date of signing this financial report and that the preparation of the 30 June 2022 financial report on a going concern basis is appropriate.

### 3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Group's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest Australian dollar, unless otherwise stated.

### 4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events that management believe to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### a) Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

COVID-19 pandemic – judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, staffing and geographic regions in which the Group operates; and

Note 8 – revenue recognition: whether revenue from licence fees is recognised over time or at a point in time.

#### b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

The measurement and realisation of the R&D tax incentive: determining the percentage of expenditure that is directly attributable to eligible R&D activities when measuring the R&D tax incentive. Uncertainty exists over the quantum and timing of realisation of the R&D tax incentive claim until such time as the claim has been examined and accepted by the Australian Tax Office (ATO);

Note 10 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can and cannot be utilised; and

Note 21 – share-based payments: key assumptions in determining the valuation of share-based payment transactions on grant date. Key assumptions include expected expiry dates, volatility rates and likelihood of vesting.

### 5. 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.



## 6. Significant accounting policies

### 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 30 June 2022 and the results of all subsidiaries for the year 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 ceases to have 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.

## 6. Significant accounting policies (continued)

### c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within general expenses.

### d) Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 8.

### e) Research and development tax incentive

The R&D tax incentive encourages companies to engage in R&D benefiting Australia, by providing a tax offset (or a cash refund if in a tax loss position) for eligible R&D activities. The Group recognises the R&D tax incentive in profit or loss when the Group incurs the eligible R&D expenditure. The R&D tax incentive income is presented on a gross basis and is not netted off against the R&D costs to which it relates.

### f) Government grants

The Group recognises an unconditional government grant in profit or loss when the grant becomes receivable. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. The grants are recognised on a gross basis in income and are not netted off against the expenditure to which it relates.

Refer to Note 9 for further details.

### g) Employee benefits

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

#### **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, they are discounted.

## 6. Significant accounting policies (continued)

### Share-based payment arrangements

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost is measured at fair value on grant date using a suitable option pricing model such as Black Scholes, Binomial or Monte Carlo.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense, with a corresponding increase in equity over the vesting period of the award. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

The share-based payment reserve in equity is transferred to retained earnings when the unexercised option expires.

### h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## 6. Significant accounting policies (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement between 30 and 45 days.

## 6. Significant accounting policies (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### l) Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

### m) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	2022	2021
Right-of-use asset	3 years	3 years
Office fit out	3 years	3 years
Computer equipment	3 years	3 years
Office equipment	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### n) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

## 6. Significant accounting policies (continued)

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The estimated useful lives of intangible assets for current and comparative periods are as follows:

	2022	2021
Acquired software	1 year	1 year

### o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### p) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### q) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### r) Leases

The Group adopted AASB 16 from 1 July 2019 applying the modified retrospective approach, under which the cumulative effect of initial application was recognised in retained earnings at 1 July 2019. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

For classification within the statement of cash flows, the interest and the principal portion of the lease payments are disclosed in financing activities.

For lessor accounting, the standard did not substantially change how a lessor accounts for leases.

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

## 6. Significant accounting policies (continued)

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised as the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of:

- fixed payments less any lease incentive receivables;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees; and
- the exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Short-term leases and low-value assets

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed on a straight line basis to profit or loss over the lease term.

## s) Financial instruments

### Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### Classification and subsequent measurement

#### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value in other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.



## 6. Significant accounting policies (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets primarily to collect contractual cash flows; and
- Its contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

The Group does not have any debt or equity investments that are classified and measured at FVOCI. Therefore, all financial assets that do not meet the classification requirements for amortised cost are classified and measured at FVTPL.

*Financial assets – assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued contractual interest is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets – subsequent measurement and gains and losses*

Type of financial asset	
<i>Financial assets at FVTPL</i>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



## 6. Significant accounting policies (continued)

### *Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### **Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group also derecognises a financial asset when its terms are modified and the cash flows associated with the modified asset are substantially different, in which case a new financial asset based on the modified terms is recognised at fair value.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### t) Impairment

#### **A. Non-derivative financial assets**

##### Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets (excluding trade receivables) that are determined to have low credit risk at the reporting date; and
- other financial assets and bank balances for which credit risk (ie. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs and are calculated using a provision matrix under the simplified approach.

## 6. Significant accounting policies (continued)

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information and the use of macro-economic factors.

The Group assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (ie. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the asset.

ECLs for trade receivables and contract assets are calculated using a provision matrix based on historical default rates adjusted for current and forecast credit conditions including other business, financial and economic factors such as geographical region and external credit rating.

### Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following:

- significant financial difficulty of the borrower;
- a breach of contract such as default or being more than 90 days past due;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

There have been no changes in estimation techniques or significant assumptions made during the year.

## 6. Significant accounting policies (continued)

### Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is reasonable expectation of recovery. The Group expects no significant recovery for the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### **B. Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### u) Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112.

#### v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority are presented as operating cash flows.

#### w) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Accounting Standards or as a result of changes in Accounting Policy.

## 6. Significant accounting policies (continued)

### x) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price ie. the fair value of the consideration given or received.

If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

## 7. 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 profits generated by the Group's operating segment and segment assets are summarised below:

	Software Development and Licensing	
<i>For the year ended 30 June</i>	<b>2022</b> \$	<b>2021</b> \$
Sales to external customers	1,457,627	1,364,197
Other revenue and income	3,094,048	1,335,981
Total segment revenue and income	4,551,675	2,700,178
<i>Unallocated revenue:</i>		
Interest revenue	498	1,823
<b>Total revenue and other income</b>	<b>4,552,173</b>	<b>2,702,001</b>

7. Operating segments (continued)

	Software Development and Licensing	
<i>For the year ended 30 June</i>	<b>2022</b> \$	<b>2021</b> \$
<b>EBITDA</b>	<b>(4,898,208)</b>	<b>(5,426,928)</b>
Depreciation and amortisation	(99,254)	(402,013)
Interest revenue	498	1,823
Interest expense	(67)	(46,757)
Loss before income tax	(4,997,031)	(5,873,875)
Income tax expense	-	-
<b>Loss for the year</b>	<b>(4,997,031)</b>	<b>(5,873,875)</b>
Segment assets	8,818,256	5,960,823
Segment liabilities	1,385,662	958,699

Geographic information

The Group's main operations and place of business is in Australia, with majority of its revenue being derived overseas.

<b>Revenue from contracts with customers</b>	<b>30 June 2022</b> \$	<b>30 June 2021</b> \$
Asia	561,660	505,989
Australia	443,765	341,625
United States of America	452,202	516,583
	<b>1,457,627</b>	<b>1,364,197</b>

Revenue is based on the location of the customer. Refer to Note 8 for further detail on major customers, products and services.

<b>Location of non-current assets</b>	<b>30 June 2022</b> \$	<b>30 June 2021</b> \$
Australia	1,797,520	158,542
	<b>1,797,520</b>	<b>158,542</b>

Non-current assets include intangibles, property, plant and equipment, investment in and loans to equity-accounted investees.

## 8. Revenue

The Group generates revenue primarily from the licensing of software and the provision of professional and maintenance services to its customers.

### 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
<i>Licence fees</i>	<p>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.</p> <p>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.</p> <p>There remains \$1,213,555 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 30 June 2022.</p>

## 8. Revenue (continued)

Product and services	Nature and timing of satisfaction of performance obligations
<i>Maintenance fees</i>	<p>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.</p> <p>The maintenance fee is a fixed annual fee as specified in the contract.</p> <p>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.</p> <p>There remains \$30,240 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 30 June 2022.</p>
<i>Usage fees</i>	<p>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.</p> <p>The Group recognises usage fee revenue over time based on when the usage occurs.</p>
<i>Professional services (including setup, training and other support costs)</i>	<p>Professional services include setup, training and support costs as well as individual customisation projects that are separate and distinct performance obligations.</p> <p>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.</p> <p>There remains \$414,341 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 30 June 2022.</p>

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.

### 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.



## 8. Revenue (continued)

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. 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	
<i>For the year ended 30 June</i>	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Nature of product and service</b>		
Licence and usage fees	598,682	359,206
Maintenance fees	27,551	21,303
Professional services	808,144	983,688
SaaS fees	23,250	-
<b>Revenue from contracts with customers</b>	<b>1,457,627</b>	<b>1,364,197</b>

### c) Contract balances

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

	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Trade receivables	264,302	227,419
Contract assets	120,250	26,400
Contract liabilities	(259,712)	(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 year are set out below:



## 8. Revenue (continued)

<b>Contract assets</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Opening balance 1 July	26,400	66,500
Additions	240,250	153,400
Transfer to trade receivables	(146,400)	(193,500)
<b>Closing balance 30 June</b>	<b>120,250</b>	<b>26,400</b>

<b>Contract liabilities</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Opening balance 1 July	179,650	44,545
Payments received in advance	504,873	550,533
Transfer to revenue – in opening balance	(179,650)	(44,545)
Transfer to revenue – other balances	(245,161)	(370,883)
<b>Closing balance 30 June</b>	<b>259,712</b>	<b>179,650</b>

No information has been provided about remaining performance obligations at 30 June 2022 that have an original expected duration of one year or less, as allowed by AASB 15.

## 9. Government grants

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Export market development grant	43,284	100,000
COVID-19 related grants	-	317,936
	<b>43,284</b>	<b>417,936</b>

The Export Market Development Grant (EMDG) scheme is a key Australian Government financial assistance program that encourages small to medium sized Australian businesses to develop export markets by granting funding to cover eligible export expenditure, up to a maximum claim of \$150,000. The Group recognises the EMDG in profit or loss when the application is successful and the Group receives an unconditional right to the income.

The EMDG grant received in the current year is lower than in previous years due to reduced spend on eligible export activities as a result of worldwide COVID-19 restrictions.

COVID-19 related grants were temporary subsidies for businesses affected by COVID-19 and consisted mostly of the JobKeeper and Cash Flow Boost payment schemes. Both schemes have closed as at the date of this report.

## 10. Income tax expense

### a) Amounts recognised in profit or loss

	30 June 2022 \$	30 June 2021 \$
<b>Current tax expense</b>		
Current year	-	-
<b>Tax expense</b>	-	-

### b) Reconciliation of accounting loss to taxable loss

	30 June 2022 \$	30 June 2021 \$
Loss before tax	(4,997,031)	(5,873,875)
<i>Adjustments to accounting loss</i>		
Non-deductible expenses	3,196,755	3,063,404
Tax exempt income	(3,250,429)	(1,053,724)
<b>Taxable loss</b>	<b>(5,050,705)</b>	<b>(3,864,195)</b>
<b>Tax expense</b>	-	-

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

### c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	30 June 2022		30 June 2021	
	Gross amount \$	Tax effect \$	Gross amount \$	Tax effect \$
Tax losses	16,951,800	4,237,950	12,489,797	3,434,694

## 11. 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.

## 11. Loss per share (continued)

	30 June 2022 \$	30 June 2021 \$
Loss for the year attributable to owners of Idetitii Limited	(4,833,962)	(5,825,443)
<u>Weighted-average number of ordinary shares</u>		
Issued ordinary shares at 1 July	151,791,071	81,778,198
Effect of shares issued during the year	31,333,234	48,799,915
Weighted-average number of ordinary shares at 30 June	183,124,305	130,578,113
<b>Basic and diluted loss per share (cents)</b>	<b>(2.64)</b>	<b>(4.46)</b>

Share-based payment options have not been included in the calculation of diluted loss per share as these are considered anti-dilutive as at 30 June 2022 and 30 June 2021.

## 12. Cash and cash equivalents

	30 June 2022 \$	30 June 2021 \$
Bank balances	5,000,288	4,415,466
Term deposits	73,845	73,845
	<b>5,074,133</b>	<b>4,489,311</b>

## 13. Intangible assets

	30 June 2022 \$	30 June 2021 \$
Software – at cost	62,112	62,112
Less: Accumulated amortisation	(62,112)	(5,106)
	<b>-</b>	<b>57,006</b>

### 13. Intangible assets (continued)

#### Reconciliation of carrying amount

	Software \$
Balance at 1 July 2020	62,112
Amortisation expense	(5,106)
Balance at 30 June 2021	57,006
Amortisation expense	(57,006)
<b>Balance at 30 June 2022</b>	<b>-</b>

### 14. Property, plant and equipment

#### Reconciliation of carrying amount

	Right-of- use asset \$	Office fit out \$	Computer equipment \$	Office equipment \$	Total \$
<b>Cost</b>					
Balance at 1 July 2020	774,563	351,024	100,190	39,299	1,265,076
Modification of lease	(396,024)	-	-	-	(396,024)
Additions	-	-	49,330	-	49,330
Disposals	-	-	(3,999)	-	(3,999)
<b>Balance at 30 June 2021</b>	<b>378,539</b>	<b>351,024</b>	<b>145,521</b>	<b>39,299</b>	<b>914,383</b>
Balance at 1 July 2021	378,539	351,024	145,521	39,299	914,383
Additions	-	-	62,513	-	62,513
Disposals	-	-	(37,257)	(37,483)	(74,740)
Loss of control of subsidiary	-	-	(2,272)	-	(2,272)
<b>Balance at 30 June 2022</b>	<b>378,539</b>	<b>351,024</b>	<b>168,505</b>	<b>1,816</b>	<b>899,884</b>

14. Property, plant and equipment (continued)

	Right-of-use asset \$	Office fit out \$	Computer equipment \$	Office equipment \$	Total \$
<b>Accumulated depreciation</b>					
Balance at 1 July 2020	247,416	97,269	55,776	12,340	412,801
Modification of lease	(8,378)	-	-	-	(8,378)
Depreciation	128,986	243,118	31,623	7,834	411,561
Disposals	-	-	(3,137)	-	(3,137)
<b>Balance at 30 June 2021</b>	<b>368,024</b>	<b>340,387</b>	<b>84,262</b>	<b>20,174</b>	<b>812,847</b>
Balance at 1 July 2021	368,024	340,387	84,262	20,174	812,847
Depreciation	10,515	10,637	32,652	5,413	59,217
Disposals	-	-	(35,950)	(24,012)	(59,962)
Loss of control of subsidiary	-	-	(270)	-	(270)
<b>Balance at 30 June 2022</b>	<b>378,539</b>	<b>351,024</b>	<b>80,694</b>	<b>1,575</b>	<b>811,832</b>
<b>Carrying amounts</b>					
At 1 July 2020	527,147	253,755	44,414	26,959	852,275
<b>Balance at 30 June 2021</b>	<b>10,515</b>	<b>10,637</b>	<b>61,259</b>	<b>19,125</b>	<b>101,536</b>
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>87,811</b>	<b>241</b>	<b>88,052</b>

During the current year, the Company decided not to exercise the option to extend its long-term office lease when it expired in August 2021 and it moved to a monthly term lease. The Company subsequently secured new office space in May 2022 on a 12 month lease. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less. As such, the lease payments on the new office are expensed on a straight line basis to profit and loss over the lease term.

15. Equity-accounted investees

	30 June 2022 \$	30 June 2021 \$
Investment in associates	903,154	-

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 30 for further information on investment in associates.

## 15. Equity-accounted investees (continued)

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 year ended 30 June 2022.

## 16. Loans to equity-accounted investees

	30 June 2022 \$	30 June 2021 \$
Current	120,000	-
Non-current	779,144	-
<b>Loan to Payble Pty Ltd</b>	<b>899,144</b>	<b>-</b>

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 year. Under the agreement, the loan is 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.

Subsequent to year-end, the Board approved the conversion of the balance of the above loan into shares at the next Payble capital raise. The loan will be converted at the same valuation and price as other investors that participate in the capital raise. This will allow Payble to focus cash on growth activities.

## 17. Trade and other payables

	30 June 2022 \$	30 June 2021 \$
Trade payables	299,212	103,887
Other payables and accruals	345,105	167,222
	<b>644,317</b>	<b>271,109</b>

## 18. Employee liabilities and provisions

	30 June 2022 \$	30 June 2021 \$
Provision for annual leave	222,468	238,767
Superannuation payable	96,690	95,906
Employee taxes withheld	156,646	140,228
Other	5,829	-
	<b>481,633</b>	<b>474,901</b>

## 18. Employee liabilities and provisions (continued)

*Amounts not expected to be settled within the next 12 months*

The provision for annual leave includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

## 19. Borrowings and lease liabilities

	30 June 2022 \$	30 June 2021 \$
<b>Current liabilities</b>		
Borrowings (a)	-	20,000
Lease liabilities (b)	-	13,039
	-	<b>33,039</b>
Total liabilities	-	<b>33,039</b>

### a) Borrowings

Borrowings at the end of the year were as follows:

	30 June 2022 \$	30 June 2021 \$
Director loan - John Rayment	-	20,000
	-	<b>20,000</b>

On 17 March 2020 the Group received a loan of \$100,000 from John Rayment. This loan was for 12 months, interest free and was to convert to equity at \$0.07 per share as approved by shareholders. On 17 November 2020 the Company issued 1,142,857 shares to John Rayment in partial settlement of the loan, leaving a remaining loan balance of \$20,000. On 7 July 2021 a further 285,714 shares were issued to John Rayment in full and final settlement of his loan.

### b) Lease liabilities

The Group's long term lease agreement expired in August 2021. It is currently on a lease that is classified as short-term under AASB 16 and is, therefore, not recognised in the statement of financial position.

19. Borrowings and lease liabilities (continued)

c) Terms and repayment schedule

The terms and conditions of outstanding borrowings and lease liabilities are as follows:

	Nominal interest rate p.a	Year of maturity	30 June 2022		30 June 2021	
			Face value \$	Carrying amount \$	Face value \$	Carrying amount \$
Director loan - unsecured	0%	2021	-	-	20,000	20,000
Lease liabilities	6%	2021	-	-	378,539	13,039
<b>Total liabilities</b>			-	-	<b>398,539</b>	<b>33,039</b>

d) Reconciliation of movements in borrowings and lease liabilities to cash flows arising from financing activities

	2022 \$	2021 \$
Balance at 1 July	33,039	1,323,748
<b>Changes from financing cash flows</b>		
Repayment of borrowings	-	(600,000)
Lease payments	(13,039)	(125,649)
Transaction costs related to borrowings and leases	(67)	(61,687)
Other financing cash flows	-	100,000
<b>Total changes from financing cash flows</b>	<b>(13,106)</b>	<b>(687,336)</b>
<b>Other changes</b>		
Finance costs	67	36,278
Conversion of borrowings to equity	(20,000)	(180,000)
Lease modification	-	(459,651)
<b>Balance at 30 June</b>	<b>-</b>	<b>33,039</b>



## 20. Share capital

	Ordinary shares			
	30 June 2022		30 June 2021	
	\$	Number of shares	\$	Number of shares
In issue at beginning of the year	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	5,467,154	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 for cash, net of costs of equity – rights issue	1,334,401	8,774,914	-	-
Issued not for cash – consideration for marketing services	30,000	375,000	50,277	411,986
Issued not for cash – consideration for capital raise management services	181,000	1,131,250	-	-
Issued not for cash – consideration for investor relation services	90,000	562,500	-	-
Issued not for cash – consideration for investor relation services	37,000	389,474	-	-
<b>In issue at end of the year – authorised, fully paid and no par value</b>	<b>32,934,833</b>	<b>200,809,923</b>	<b>25,775,278</b>	<b>151,791,071</b>

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.

## 20. Share capital (continued)

On 21 January 2022, the Board approved the issue of:

- 375,000 ordinary shares in the Company at \$0.08 per share for marketing services received;
- 1,131,250 ordinary shares in the Company at \$0.16 per share for capital raise management services received; and
- 562,500 ordinary shares in the Company at \$0.16 per share for investor relation services received.

On 20 June 2022, the Board approved the issue of 389,474 ordinary shares in the Company at \$0.095 per share for investor relation services received.

## 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 21.

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 year.

## 21. Share-based payment arrangements

For the year ended 30 June 2022, the Group recognised a share-based payment expense of \$541,737 in the statement of profit or loss (30 June 2021: \$806,766) under the following share-based payment arrangements.

		Share options			
		30 June 2022		30 June 2021	
		\$	Number of options	\$	Number of options
Director options	(i)	817,106	12,358,082	599,406	10,358,082
Canaccord options	(ii)	-	-	992,485	1,950,000
Gleneagle options	(ii)	-	-	165,740	5,000,000
PAC Partners options	(ii)	79,196	5,000,000	-	-
Equity incentive plan	(iii)	3,004,212	16,241,405	2,759,371	18,024,417
<b>In issue at end of year</b>		<b>3,900,514</b>	<b>33,599,487</b>	<b>4,517,002</b>	<b>35,332,499</b>

The following summarises changes in share-based payment arrangements during the current year.

## 21. Share-based payment arrangements (continued)

### (i) Share options issued to Directors

#### John Rayment (equity settled)

A share-based payment expense of \$201,616 in relation to John Rayment's options has been recognised in the statement of profit or loss for the year ended 30 June 2022.

#### 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 were to 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.

Steven James resigned as Non-Executive Director on 2 June 2022 and his options vested in full on termination. The fair value of share options granted have been measured using the Black-Scholes model. A share-based payment expense of \$16,084 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2022.

### (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 provided, expired on 1 July 2021. The share-based payment reserve of \$992,485 has been transferred to retained earnings as at 30 June 2022.

#### Gleneagle Securities (Aust) Pty Ltd (equity settled)

The 5,000,000 share options previously granted to Gleneagle Securities (Aust) Pty Ltd (Gleneagle), in consideration for underwriting services provided, expired on 13 May 2022. The share-based payment reserve of \$165,740 has been transferred to retained earnings as at 30 June 2022.

#### PAC Partners Securities Pty Ltd (equity settled)

On 21 January 2022, the Company issued 5,000,000 share options to PAC Partners Securities Pty Ltd (PAC Partners) in consideration for capital raise management services provided. The options vested immediately, have an exercise price of \$0.24 per share and expire on 20 January 2024.

The fair value of share options granted have been measured using the Black-Scholes model. A share-based payment expense of \$79,196 in relation to these options has been recognised in the statement of profit or loss for the year ended 30 June 2022.

### (iii) Equity Incentive Plan (equity settled)

On 10 January 2018 the Group established the Equity Incentive Plan (EIP). This is a long-term plan under which share options or performance rights to subscribe for shares may be offered to eligible employees and consultants as selected by the Directors at their discretion. Currently only share options have been awarded under the EIP.

Under the EIP, one share option entitles the holder to one share in the Company subject to vesting conditions such as the satisfaction of performance hurdles and/or continued employment. The Board have the discretion to settle share options with a cash equivalent payment.

## 21. Share-based payment arrangements (continued)

Participants in the EIP will not pay any consideration for the grant of the share option unless determined otherwise. Share options will not be listed and may not be transferred, assigned or otherwise dealt with unless approved by the Board.

If the employee's employment terminates before the share options have vested, the share option will lapse, unless approved otherwise by the Board. Eligible employees holding a share option pursuant to the EIP have no rights to dividends and are not entitled to vote at shareholder meetings until that share option is vested and, where required, exercised.

### Share options previously granted to employees

A share-based payment expense of \$202,316 in relation to EIP share options previously granted to employees has been recognised in the statement of profit or loss for the year ended 30 June 2022.

During the year 3,208,012 unvested share options under the EIP were forfeited in relation to employees who left the Company.

### New share options granted to employees

During the year, the Company granted 1,425,000 share options at an exercise price of \$0.15 per share to eligible employees. The share options vest in equal instalments from grant date pending specific service, performance and market conditions being met.

A share-based payment expense of \$42,525 in relation to new EIP share options granted to employees has been recognised in the statement of profit or loss for the year ended 30 June 2022.

Set out below is a summary of options granted to employees under the plan:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted	Expired / forfeited	Balance at end of year
06/07/2018	01/08/2028	\$0.75	1,350,000	-	-	1,350,000
01/08/2018	01/08/2028	\$0.75	578,125	-	-	578,125
02/10/2018 – 27/05/2019	02/10/2022 – 27/05/2023	\$0.75	2,646,292	-	-	2,646,292
01/01/2019	01/01/2023	\$0.75	100,000	-	-	100,000
30/04/2021	01/01/2026	\$0.15	13,350,000	-	(3,208,012)	10,141,988
01/07/2021	01/07/2026	\$0.15	-	75,000	-	75,000
26/08/2021	01/07/2026	\$0.15	-	75,000	-	75,000
02/09/2021	01/07/2026	\$0.15	-	75,000	-	75,000
16/11/2021	01/07/2026	\$0.15	-	150,000	-	150,000
07/01/2022	07/01/2027	\$0.15	-	150,000	-	150,000
02/03/2022	02/03/2027	\$0.15	-	750,000	-	750,000
14/03/2022	14/03/2027	\$0.15	-	150,000	-	150,000
			<b>18,024,417</b>	<b>1,425,000</b>	<b>(3,208,012)</b>	<b>16,241,405</b>

## 21. Share-based payment arrangements (continued)

### a) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment awards granted during the year.

	Director options		Supplier options
	Nicholas Armstrong	Steven James	PAC Partners
Number of options	1,000,000	1,000,000	5,000,000
Fair value at grant date	\$0.0161	\$0.0161	\$0.0158
Share price at grant date	\$0.0920	\$0.0920	\$0.0950
Exercise price	\$0.2500	\$0.2500	\$0.2400
Expected volatility <sup>(1)</sup>	75 – 85%	75 – 85%	70 – 80%
Contractual life of options (years)	3	3	2
Expected dividends	Nil	Nil	Nil
Risk free rate <sup>(2)</sup>	0.19%	0.19%	0.78%
Valuation method	Black-Scholes	Black-Scholes	Black-Scholes
Expiry date	8 July 2024	8 July 2024	20 January 2024

<sup>(1)</sup> **Expected volatility** - a measure of the amount by which a share price is expected to fluctuate during a period and is based on the historical share price volatility of a group of comparable companies, including Identitii Limited, as at the grant date.

<sup>(2)</sup> **Risk free rate** - the yield available on Australian Government bonds with a term comparable to the likely term of the options.

## 21. Share-based payment arrangements (continued)

### EIP: Staff options

Number of options	75,000	75,000	75,000	150,000	150,000	187,500	375,000	187,500	150,000
Fair value at grant date	\$0.0457	\$0.0594	\$0.1110	\$0.1045	\$0.0603	\$0.0441	\$0.0441	\$0.0467	\$0.0392
Share price at grant date	\$0.0910	\$0.1100	\$0.1750	\$0.1600	\$0.1050	\$0.0790	\$0.0790	\$0.0790	\$0.0720
Exercise price	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500
Expected volatility <sup>(1)</sup>	80 – 90%	80 – 90%	80 – 90%	80 – 90%	80 – 90%	80 – 90%	80 – 90%	80 – 90%	80 – 90%
Contractual life (years)	5	5	5	5	5	5	5	5	5
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free rate <sup>(2)</sup>	0.77%	0.59%	0.63%	1.44%	1.47%	1.75%	1.75%	1.75%	2.14%
Valuation method	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Monte Carlo	Black-Scholes
Expiry date	1 Jul 2026	1 Jul 2026	1 Jul 2026	1 Jul 2026	7 Jan 2027	2 Mar 2027	2 Mar 2027	2 Mar 2027	14 Mar 2027
Vesting conditions	(A)	(A)	(A)	(A)	(A)	(B)	(C)	(D)	(A)

<sup>(1)</sup> **Expected volatility** - a measure of the amount by which a share price is expected to fluctuate during a period and is based on the historical share price volatility of a group of comparable companies, including Identitii Limited, as at the grant date.

<sup>(2)</sup> **Risk free rate** - the yield available on Australian Government bonds with a term comparable to the likely term of the options.

(A) Share options vest in three equal annual tranches, commencing from grant date, subject to continued service with the Company.

(B) Share options vest in four equal annual tranches, commencing from grant date, subject to continued service with the Company.

(C) 187,500 share options vest when the Group records revenue of at least \$5 million in the preceding twelve month period and 187,500 share options vest when the Group records revenue of at least \$10 million in the preceding twelve month period.

(D) Share options vest when the Company's closing share price on the ASX is at or above \$0.46 per share for twenty consecutive trading days.

## 21. Share-based payment arrangements (continued)

### b) *Reconciliation of outstanding share options*

The number and weighted-average exercise price of share options under the share-based payment arrangements noted above were as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2022	2022	2021	2021
Outstanding at 1 July	35,332,499	\$0.28	12,302,820	\$0.53
Forfeited during the year	(3,208,012)	\$0.15	(1,070,321)	\$0.33
Expired during the year	(6,950,000)	\$0.36	-	-
Granted during the year	8,425,000	\$0.23	24,100,000	\$0.15
<b>Outstanding at 30 June</b>	<b>33,599,487</b>	<b>\$0.26</b>	<b>35,332,499</b>	<b>\$0.28</b>
<b>Exercisable at 30 June</b>	<b>15,003,654</b>	<b>\$0.39</b>	<b>11,049,165</b>	<b>\$0.50</b>

## 22. Non-controlling interest

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

In April 2021, x15ventures acquired a 31.3% interest in Payble, decreasing Identitii's ownership from 87.5% to 60.1%. The carrying amount of Payble's net liabilities in the Group's consolidated financial statements on the date of x15ventures investment was \$98,625.

	30 June 2022 \$	30 June 2021 \$
Carrying amount of NCI given	-	411,877
Consideration received	-	1,100,000
Increase in equity attributable to owners of the parent	-	688,123

On 15 November 2021, the Company's ownership interest in Payble further decreased from 60.1% to 44.2% and it was determined the Company no longer retained control of Payble.

The equity reserve above was transferred to retained losses at the time the Company ceased to control Payble.

Non-controlling interests for the current year 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.

## 22. Non-controlling interest (continued)

NCI percentage	Payble Pty Ltd	
	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
<b>Net assets</b>	<b>489,896</b>	<b>898,590</b>
Net assets attributable to NCI	195,469	411,917
Loss after tax	408,694	203,116
<b>Total comprehensive loss</b>	<b>408,694</b>	<b>203,116</b>
Loss allocated to NCI	163,069	48,432
Other comprehensive loss allocated to NCI	163,069	48,432
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
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(921,845)</b>	<b>921,845</b>
<b>Reconciliation of NCI</b>	<b>30 June 2022 \$</b>	<b>30 June 2021 \$</b>
Balance 1 July	363,485	-
Initial investment in subsidiary	-	40
Loss allocated to NCI	(163,069)	(48,432)
NCI acquisition without loss of control	-	411,877
Loss of control of subsidiary	(200,416)	-
<b>Balance 30 June</b>	<b>-</b>	<b>363,485</b>

## 23. Capital management

The Group's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.



## 23. Capital management (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

## 24. Reconciliation of cash flows from operating activities

	30 June 2022 \$	30 June 2021 \$
<b>Loss for the year</b>	<b>(4,997,031)</b>	<b>(5,873,875)</b>
<i>Adjustments for:</i>		
Other income – rent relief	-	(12,726)
Equity-settled share-based payment transactions	541,737	806,766
Annual leave provision	8,259	92,572
Depreciation and amortisation	116,222	416,667
Loss on disposal of asset	12,469	862
Gain on lease modification	-	(72,005)
Gain on loss of control of subsidiary	(1,860,064)	-
Bank revaluation and unrealised FX gains and losses	(105,815)	(10,151)
Interest expense and other finance costs	67	43,988
Capital raise transaction costs	-	123,231
Bad and doubtful debts	(1,825)	2,530
Equity-settled consulting fees	67,000	50,277
Share of equity-accounted investee loss	267,246	-
Other non-cash generating expenses	(9,329)	3,381
	<b>(5,961,064)</b>	<b>(4,428,483)</b>
<i>Changes in:</i>		
Trade and other receivables	(131,139)	(151,206)
R&D tax receivable	(288,644)	(164,938)
Contract assets	(93,850)	40,100
Trade and other payables	373,208	3,375
Employee liabilities and provisions	6,732	(193,567)
Contract liabilities	80,062	135,105
<b>Net cash from operating activities</b>	<b>(6,014,695)</b>	<b>(4,759,614)</b>

## 25. Financial instruments – fair values and risk management

### i. Accounting classifications and fair values

The carrying amount of the Group's financial assets and financial liabilities is a reasonable approximation of fair value due to their short term nature.

### ii. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see ii (b))
- liquidity risk (see ii (c))
- foreign currency risk (see ii (d))

#### a) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

#### b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amount of financial assets and contract assets represents the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss are as follows:

	30 June 2022 \$	30 June 2021 \$
(Decrease) / increase in impairment loss on trade receivables and contract assets arising from contracts with customers	(1,825)	2,530

#### Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the factors that may influence the credit risk of its customer base including the default risk associated with the industry and country in which the customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 45 days for corporate customers.

#### *Expected credit loss assessment for corporate customers*

The Group uses a provision matrix to measure ECLs of trade receivables from corporate customers, which comprise of a small number of large balances.

## 25. Financial instruments – fair values and risk management (continued)

The Group is still in its early stages of revenue generation with a small customer base and therefore doesn't have extensive historical information on which to base its loss rates. Its loss rates are management's best estimate based on industry comparatives and will be updated at every reporting period to reflect current and forecast credit conditions including other business, financial and economic factors. Loss rates are determined separately for each credit risk grade, based on external credit rating definitions from a reputable credit rating agency. To date no customer balances have been written off or credit impaired at the reporting date.

The following tables provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 30 June 2022.

30 June 2022	External credit rating	Weighted average loss rate	Credit impaired	Gross carrying amount \$	Impairment loss allowance \$
Not past due	BBB- to AAA	0.1%	No	281,738	279
Not past due	No rating	0.2%	No	16,250	33
0 - 30 days	BBB- to AAA	0.5%	No	87,313	437
				<b>385,301</b>	<b>749</b>
30 June 2021	External credit rating	Weighted average loss rate	Credit impaired	Gross carrying amount \$	Impairment loss allowance \$
Not past due	BBB- to AAA	0.1%	No	125,179	125
0 - 30 days	BBB- to AAA	0.5%	No	27,814	139
61 - 180 days	BBB- to AAA	3.0%	No	77,000	2,310
				<b>229,993</b>	<b>2,574</b>

### Cash and cash equivalents and other receivables

The Group held cash and cash equivalents of \$5,074,133 at 30 June 2022 (30 June 2021: \$4,489,311). The majority of cash and cash equivalents are held with financial institution counterparties, which are rated A- to AA, based on credit agency ratings. The Group considers its cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties.

The Group held other receivables of \$248,088 at 30 June 2022 (30 June 2021: \$153,832). The Group considers its other receivables to have low credit risk based on historical data available, the reputation of the counterparties and the systematic ease with which the receivables are recoverable.

The Group did not recognise an impairment allowance for cash and cash equivalents and other receivables during the current and prior year under review.

## 25. Financial instruments – fair values and risk management (continued)

### Movements in the allowance for impairment in respect of trade receivables, contract assets and other financial assets

The movement in the allowance for impairment in respect of trade receivables, contract assets and other financial assets during the year was as follows.

	30 June 2022 \$	30 June 2021 \$
Balance at 1 July	2,574	44
Net remeasurement of loss allowance	(1,825)	2,530
<b>Balance at 30 June</b>	<b>749</b>	<b>2,574</b>

### c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate, but manageable, borrowing facilities are maintained. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments where applicable.

Contractual cash flows					
30 June 2022	Carrying amount \$	Total \$	2 months or less \$	2-12 months \$	12 months or more \$
Trade and other payables	644,317	644,317	644,317	-	-
	<b>644,317</b>	<b>644,317</b>	<b>644,317</b>	<b>-</b>	<b>-</b>

Contractual cash flows					
30 June 2021	Carrying amount \$	Total \$	2 months or less \$	2-12 months \$	12 months or more \$
Borrowings and leases	33,039	33,039	33,039	-	-
Trade and other payables	271,109	271,109	271,109	-	-
	<b>304,148</b>	<b>304,148</b>	<b>304,148</b>	<b>-</b>	<b>-</b>

## 25. Financial instruments – fair values and risk management (continued)

### d) Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group companies. The Group's exposure to foreign currency risk is concentrated primarily in cash and trade receivables as some customers are invoiced in United States Dollars (USD). The Group reduces this foreign currency risk by using the USD from customer sales to pay expenses that are incurred in USD. Other foreign currency risk is not material at present.

### Exposure to foreign currency risk

The following is the summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group:

	30 June 2022 USD	30 June 2021 USD
Cash and cash equivalents	1,065,395	621,955
Trade receivables	36,366	71,088
Trade payables	(4,495)	(16,561)
<b>Net statement of financial position exposure</b>	<b>1,097,266</b>	<b>676,482</b>

### Sensitivity analysis

If foreign exchange rates were to increase / decrease by 10 per cent from rates used to determine fair values as at the end of the reporting period, assuming all other variables that might impact fair value remain constant, then the impact on profit or loss for the year would be as follows:

<i>Impact on profit after tax</i>	30 June 2022 \$	30 June 2021 \$
10% increase in USD/AUD exchange rate	159,283	89,814
10% decrease in USD/AUD exchange rate	(144,803)	(81,650)

There has been no change in assumptions or method used to determine foreign currency sensitivity from the prior year.

## 26. Commitments

The Group has no commitments or contingencies.

## 27. Auditors' remuneration

During the financial year the following fees were paid or payable for services provided by RSM, the auditor of the Company, its network firms and unrelated firms:

	30 June 2022 \$	30 June 2021 \$
<b>Audit and review services</b>		
<i>RSM (Australia)</i>		
Audit and review of financial statements	68,420	51,500
<i>RSM (Hong Kong)</i>		
Audit and review of financial statements	5,299	20,989
	<b>73,719</b>	<b>72,489</b>

## 28. Related parties

### Parent and ultimate controlling party

Identitii Limited is the parent and ultimate controlling party of the Group.

### Transactions with Key Management Personnel (KMP)

#### a) KMP compensation

KMP compensation comprised the following:

<b>Compensation by category</b>	30 June 2022 \$	30 June 2021 \$
Short-term employment benefits	532,824	556,749
Post-employment benefits	40,560	34,975
Other long-term employment benefits	20,069	19,710
Termination benefits	12,974	-
Share-based payments	191,433	542,895
	<b>797,860</b>	<b>1,154,329</b>

Compensation of the Group's KMP includes salaries, non-cash benefits and mandatory contributions to post-employment superannuation and provident funds. Certain Directors as well as senior employees of the Group are entitled to participate in the Equity Incentive Plan.

## 28. Related parties (continued)

### b) *KMP transactions*

KMP of the Company control approximately 1% of the voting shares of the Company as at 30 June 2022.

Terms and conditions of transactions with KMP and their related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

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

<i>Transactions</i>	Transaction values for year ended 30 June		Balance outstanding as at 30 June	
	2022 \$	2021 \$	2022 \$	2021 \$
Loan from Director – John Rayment	20,000	80,000	-	20,000

An unsecured loan with no interest and a 12 month repayment term was advanced from John Rayment to the Company in March 2020. This loan has been converted to equity at \$0.07 per share and repaid in full as at 30 June 2022. Refer to Note 19 (a) for further details.

In March 2022, an unsecured personal working capital loan of \$24,000, with 10% interest and a 2 month repayment term, was advanced from the Company to former founder and Non-Executive Director, Nicholas Armstrong.

## 29. List of subsidiaries

The table below lists the controlled entities of the Group as at 30 June 2022.

Name	Principal place of business	Ownership interest	
		30 June 2022	30 June 2021
Identitii Hong Kong Limited	Hong Kong	100%	100%
Payble Pty Ltd	Australia	-	60%

The Company provided \$79,966 (30 June 2021: \$69,990) of financial support during the year to Identitii Hong Kong Limited to assist with the payment of current and ongoing general operating costs mostly in relation to salaries and employee benefit expenses.

### 30. 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	
		30 June 2022	30 June 2021
Payble Pty Ltd	Australia	44%	-

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

	Payble Pty Ltd	
	30 June 2022 \$	30 June 2021 \$
<b>Summarised statement of financial position</b>		
Current assets	604,228	-
Non-current assets	982,777	-
<b>Total assets</b>	<b>1,587,005</b>	<b>-</b>
Current liabilities	223,955	-
Non-current liabilities	779,144	-
<b>Total liabilities</b>	<b>1,003,099</b>	<b>-</b>
<b>Net assets</b>	<b>583,906</b>	<b>-</b>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Loss after tax	604,628	-
<b>Total comprehensive loss</b>	<b>604,628</b>	<b>-</b>
<b>Reconciliation of the carrying amount in associate</b>		
Opening carrying amount – 1 July	-	-
Fair value on date control was lost	1,170,400	-
Share of associate loss after tax	(267,246)	-
<b>Closing carrying amount – 30 June</b>	<b>903,154</b>	<b>-</b>



### 31. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022, the parent entity of the Group was Identitii Limited.

	30 June 2022 \$	30 June 2021 \$
<b>Results of parent entity</b>		
Total comprehensive loss for the year	(6,191,579)	(4,446,282)
<b>Financial position for the parent entity</b>		
Current assets	8,050,015	6,805,285
<b>Total assets</b>	<b>8,944,678</b>	<b>6,961,866</b>
Current liabilities	1,373,686	900,588
<b>Total liabilities</b>	<b>1,373,686</b>	<b>900,588</b>
<b>Total equity of the parent entity</b>		
Share capital	32,934,833	25,775,278
Reserves	3,900,514	4,517,002
Retained losses	(29,264,355)	(24,231,002)
<b>Total equity</b>	<b>7,570,992</b>	<b>6,061,278</b>

#### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

#### *Capital commitments*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

#### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 6.

### 32. Fair value measurements

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

### **33. Subsequent events**

On 27 July 2022, the Board approved the conversion of the balance of the Payble loan into shares at the next Payble capital raise. The loan will be converted at the same valuation and price as other investors that participate in the capital raise. This will allow Payble to focus cash on growth activities.

## 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 22 to 73 are in accordance with the *Corporations Act 2001*, including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; 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.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

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



Timothy Phillipps  
Chairperson

Sydney  
29 August 2022

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Identitii Limited**

**Opinion**

We have audited the financial report of Identitii Limited (the Company) and its controlled entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be on the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b><i>Gain on loss of control of Payble – Deconsolidation from Subsidiary to Associate</i></b> Refer to Note 15 in the financial statements.	
<p>The Group recognised a gain on loss of control of subsidiary amounting to \$1,860,064 in the statement of profit or loss for the year ended 30 June 2022.</p> <p>Payble Pty Ltd (Payble) was incorporated in October 2020. On incorporation, Identitii owned a majority shareholding at 87.5%, with the remaining 12.5% held by Elliott Donazzan (Founder, CEO). On 12 April 2021, CBA New Digital Businesses Pty Ltd (x15ventures) invested \$1.1m into Payble, diluting Identitii's shareholding to 60.1%.</p> <p>On 15 November 2021, x15ventures invested a further \$0.7m into Payble, further diluting Identitii's shareholding to 44.2%. As Identitii's ownership interest has fallen below 50%, they no longer have a majority shareholding.</p> <p>On this date it was determined that Identitii no longer retained control of Payble and, as a result, Payble was accounted for as an investment in associate rather than a subsidiary.</p> <p>We consider this to be a key audit matter due to the following reasons:</p> <ul style="list-style-type: none"> <li>Accounting for loss of control of a subsidiary is non-routine and complex.</li> <li>The quantum of the effect of the transaction is significant, and there is judgement and technical complexity involved in the application of the requirements of AASB 10, Consolidated Financial Statements, and the quantification of the effect of the loss of control.</li> <li>There remains technical complexity in relation to the quantification and accounting for the investment in associate.</li> <li>The deconsolidation of Payble is technically complex and consequently the accounting requires additional disclosures within the financial statements.</li> </ul>	<p>Our audit procedures in relation to the Payble deconsolidation included the following:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the transaction resulting in the loss of control and inspecting supporting documentation confirming the existence and validity of the transaction.</li> <li>Reviewing the client prepared accounting memorandum and related workings in relation to the gain on loss of control and critically evaluating the reasons for determining that control has been lost of the subsidiary.</li> <li>Reviewing managements calculation for the gain on loss of control and the investment in equity accounted investments and ensuring the accounting treatment is in accordance with AASB 10 and AASB 128.</li> <li>Consulting with the National Technical Partner in relation to the proposed accounting treatment and the related workings and calculations to ensure that they are consistent with expectations and in accordance with the requirements of the Australian Accounting Standards.</li> <li>Reviewing the underlying accounting records and ensuring they are consistent with the client prepared accounting memorandum and related calculations.</li> <li>Assessing the adequacy of the presentation and disclosures in relation to the transaction are appropriate under the circumstances, and in accordance with the requirements of Australian Accounting Standards.</li> </ul>

Key Audit Matter	How our audit addressed this matter
<b>Share-based payments</b> – Refer to Note 21 in the financial statements.	
<p>The Group recognised a share-based payment expense of \$541,737 in the statement of profit or loss for the year ended 30 June 2022 under various share-based payment arrangements.</p> <p>Management has accounted for these arrangements in accordance with AASB 2 Share-Based Payments.</p> <p>Accounting for share-based payments and the share option reserve are considered key audit matters due to the following:</p> <ul style="list-style-type: none"> <li>• Accounting for share-based payments is non-routine and complex.</li> <li>• There is significant judgement in relation to the inputs into the valuation models, including the likelihood of vesting conditions and performance hurdles being met, and the appropriate valuation methodology to apply.</li> <li>• Management engaged a third-party expert for the valuation process.</li> </ul>	<p>Our audit procedures in relation to the share-based payments included the following:</p> <ul style="list-style-type: none"> <li>• Making enquiries of management about the nature of, and the rationale behind, the instruments issued.</li> <li>• Reviewing the terms and conditions of the instruments issued.</li> <li>• Reviewing managements expert's valuation report, giving due consideration to their independence and capability.</li> <li>• Reviewing the valuation methodology to ensure it is in compliance with AASB 2.</li> <li>• Verifying the mathematical accuracy of the underlying model.</li> <li>• Reviewing the inputs to the valuation model for reasonableness.</li> <li>• Critically evaluating the key assumptions used, considering the market, the grant date share price and current date share price, the expected volatility in the share price, the vesting period, and the number of instruments expected to vest.</li> <li>• Recalculating the value of the share-based payment expense to be recognised and the reserve balance, for accuracy, factoring in any cancellations, modifications, expiry, or vesting.</li> <li>• Reviewing the adequacy of the relevant disclosures, including the disclosures in respect of judgements made, in the financial statements.</li> </ul>

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2022.


In our opinion, the Remuneration Report of Identitii Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

### *Responsibilities*

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads "G N Sherwood".

**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 29 August 2022



## Additional ASX Information

In accordance with ASX Listing Rule 4.10, the Directors provide the following information as at 7 August 2022.

### a) Distribution of shareholders and options holders

Fully paid ordinary shares holding ranges	Holders	Number of shares	% of issued capital
1-1,000	58	17,909	0.010
1,001-5,000	435	1,440,682	0.720
5,001-10,000	454	3,510,177	1.750
10,001-100,000	1,029	37,916,732	18.880
100,001-9,999,999,999	328	157,924,423	78.640
<b>Totals</b>	<b>2,304</b>	<b>200,809,923</b>	<b>100.000</b>

#### Marketable parcels

Identitii has 805 shareholders holding less than a marketable parcel of 8,928 shares each (i.e. less than \$500 per parcel of shares) based on the closing price of AUD 0.056 on 5 August 2022 representing a total of 3,575,285 shares.

#### Options

Identitii has 33,599,487 unlisted options on issue held by 45 option holders.

### b) Substantial shareholders

Identitii does not have any substantial holders.

### c) Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### d) Restricted securities

Identitii does not have any restricted securities on issue.

### e) On-market buy-back

Identitii is not undertaking an on-market buy-back.

f) Twenty largest shareholders

	Shareholder	Number of shares held	% of issued capital
1	Citicorp Nominees Pty Limited	7,618,373	3.794%
2	KTM Ventures Innovation Fund LP	7,388,134	3.679%
3	Wodi Wodi Pty Limited <The Wodi Wodi A/C>	7,000,000	3.486%
4	Mr Evan Philip Clucas & Ms Leanne Jane Weston <Kuranga Nursery Super A/C>	4,488,000	2.235%
5	Mr Frederick Bart	4,096,857	2.040%
6	Link Traders (Aust) Pty Ltd	3,411,206	1.699%
7	Pat Property Pty Ltd <Pat A/C>	3,329,837	1.658%
8	O'Dwyer Technology Training Pty Limited <O'Dwyer Invest A/C>	3,000,000	1.494%
9	Mr David Russell Stewart & Mrs Adrienne Ruth Stewart	2,715,000	1.352%
10	Mr Benjamin Buckingham	2,119,967	1.056%
11	Bannaby Investments Pty Limited <Bannaby Super Fund A/C>	2,099,462	1.045%
12	Mr James John Bart	2,008,487	1.000%
13	Mr Xuan Hung Le & Mrs Kim Doan Le <Le Superfund A/C>	1,952,241	0.972%
14	Creighton & Co Investments Pty Ltd	1,749,669	0.871%
15	Oxleigh Pty Ltd	1,731,562	0.862%
16	Jamber Investments Pty Ltd <The Amber Schwarz Fam A/C>	1,625,000	0.809%
17	Chifley Portfolios Pty Ltd <David Hannon Retirement Fund>	1,613,320	0.803%
18	Mr David Ross Musumeci	1,594,133	0.794%
19	Elorey Pty Ltd <Ramillies A/C>	1,590,608	0.792%
20	LSF 2000 Pty Ltd <Ludski Super A/C>	1,540,000	0.767%
<b>Total Securities of Top 20 Holdings</b>		<b>62,671,856</b>	<b>31.208%</b>
<b>Total Securities</b>		<b>200,809,923</b>	

# Corporate Directory

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## Directors

Timothy Phillipps, Chairperson  
John Rayment  
Rhyll Gardner  
Simon Griffin

## Company Secretary

Elissa Hansen

## Registered Office

285a Crown Street  
Surry Hills  
NSW 2010  
Telephone: (02) 9056 4160

ABN 83 603 107 044

## Company Website

<https://identitii.com/>

## Auditors

RSM Australia Pty Ltd  
Level 13  
60 Castlereagh Street  
Sydney  
NSW 2000

## Solicitors

Law Squared  
Level 13  
50 Carrington St  
Sydney  
NSW 2000

## Securities Exchange Listing

Identitii Limited shares are  
Listed on the Australian  
Securities Exchange.  
ASX Code: ID8

## Share Registry

Boardroom Pty Limited  
Level 12  
225 George Street  
Sydney  
NSW 2000

Telephone: (02) 9290 9600



ASX:ID8

Identitii Ltd

ABN: 83 603 107 044

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