

APPENDIX 4D STATEMENT

(Listing rule 4.2A.3)

**IDENTITII LIMITED
FINAL REPORT
for the half-year ended 31 December 2023**

| Results for announcement to the market | | | | |
|---|-------------------------|-------------------------|-------------------------------|-----|
| | 31 December 2023 | 31 December 2022 | % change to prior year | |
| | \$ | \$ | | |
| 1. Revenues from ordinary activities | 412,578 | 870,533 | down | 53% |
| 2. Loss from ordinary activities after tax attributable to members | (1,488,108) | (3,432,925) | down | 57% |

| Dividend information | |
|--|---|
| 3. Total dividend per ordinary share | No dividends were proposed for the interim period ending 31 December 2023 and 31 December 2022. |
| 4. Record date for determining entitlements to the final dividend | Not applicable |

| | | |
|--|-------------------------|-------------------------|
| 5. Net tangible asset per security | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| Net tangible assets | 3,087,418 | 4,641,069 |
| | Number of shares | Number of shares |
| Total number of ordinary shares of the Company | 430,238,014 | 212,403,725 |
| Net tangible asset backing per ordinary security | \$0.01 | \$0.02 |

This information should be read in conjunction with the 2023 Annual Financial Report and any public announcements made in the period by Identitii Limited in accordance with continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's report and the Interim Financial Report for the half-year ended 31 December 2023, which has been independently reviewed by RSM.



ASX:ID8

Identities Limited

ABN: 83 603 107 044

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2023

Identities

Contents

| | |
|--|----|
| Directors Report..... | 3 |
| Auditor’s Independence Declaration | 5 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income... | 6 |
| Consolidated Statement of Financial Position..... | 8 |
| Consolidated Statement of Changes in Equity | 10 |
| Consolidated Statement of Cash Flows | 12 |
| Notes to the Consolidated Financial Statements | 13 |
| Directors’ Declaration | 25 |
| Independent Auditor’s Review Report..... | 26 |

About Idetitii

We help highly regulated organisations securely share data.

Directors' Report

The Directors' present their report together with the consolidated financial statements of the Group comprising of Identitii Limited (the Company) and its subsidiaries for the half-year ended 31 December 2023 and the auditor's report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Directors

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

Mr. John Rayment – CEO & Executive Director

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

Mr. Simon Griffin - Independent Non-Executive Director

Ms. Rhyll Gardner - Independent Non-Executive Director

Principal activities

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

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

The strategic business highlights and activities of the Group for the half-year ended 31 December 2023 are noted below.

Review of operations

During the half-year ended 31 December 2023, the Group achieved the following milestones:

- On 5 September 2023, the Company announced that its Rights Issue closed on 30 August 2023, and raised \$1,338,160 before costs, with a shortfall balance of \$789,735. The Rights Issue was a pro-rata non-renounceable entitlement issue to eligible shareholders of one (1) New Share for every one (1) Existing Share held by eligible shareholders on the Record Date, at an issue price of \$0.01 per New Share. 133,816,609 New Shares were issued and allotted on 5 September 2023.
- On 21 September 2023, the Company announced that it had successfully completed the Shortfall Offer, raising a further \$789,735 via the issue of shortfall shares at the issue price of \$0.01 per Share, bringing the total capital raised under the Rights Issue to \$2,127,895 before costs.
- On 28 September 2023, the Company announced \$1.0M in annualised cost savings, to further extend its cash runway. The operational changes to realise \$1.0M in annualised cost savings have all been put into effect, and the Company expects to see the resulting decreases in cash outflows materialise in the coming quarters. Savings have been realised in cloud infrastructure (consolidating multiple suppliers), legal costs (finalising patent strategy work), operational costs (office downsizing and licence cancellations) and headcount (including some reallocations to offshore roles). Additionally, all three

Non-Executive Directors on our Board have elected to reduce the cash component of their remuneration by 25%, substituting the reduced cash component for ordinary shares in the Company, subject to shareholder approval.

- On 4 October 2023, the Company filed a claim against JP Morgan Chase for patent infringement of U.S. Patent No. 10,984,413. The claim was filed in the United States District Court for the District of Delaware, alleging Onyx by JP Morgan Chase infringes the patent granted to the Company on 20 April 2021.
- On 15 November 2023, the Company received a refund of \$1,494,150 under the Australian Research and Development Tax Incentive (R&DTI) Scheme. The claim covers the financial year ended 30 June 2023. This is an increase of \$300,484 compared to the claim for the previous financial year, despite an overall reduction in operating expenses, highlighting the ongoing focus by management on research and development and continued investment in innovation and platform improvement.
- On 19 December 2023, the Company sold 48% (24,108 shares) of its shareholding in Payble Pty Ltd ('Payble') to Our Innovations Fund III, LP ("OIF Ventures") for \$1.0 million, as part of OIF Ventures' larger investment into Payble. Identitii will use funds raised from the transaction for working capital, extending the Company's runway towards FY25. After the transaction, Payble is valued at \$10.5 million and Identitii retains an 11.4% shareholding. Payble will use the \$2.5 million in new funding from OIF Ventures to continue to capitalise on strong demand for its citizen-centric payment solution.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half-year ended 31 December 2023.

Events subsequent to reporting date

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2023.

Rounding of amounts to the nearest dollar

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

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



Timothy Phillipps

Chairman & Independent Non-Executive Director

Sydney

28 February 2024

RSM Australia Partners

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www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Identitii Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink that reads "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads "Gary Sherwood". To the right of the signature, the initials "GNS" are handwritten in blue ink.

Gary Sherwood
Partner

Sydney, NSW

Dated: 28 February 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2023 \$ | 31 December 2022 \$ |
|---|------|------------------------|------------------------|
| Revenue from contracts with customers | 5 | 412,578 | 870,533 |
| Research and development tax incentive | | 555,515 | 620,200 |
| Government grants | | 36,600 | 36,302 |
| Interest income | | 4,679 | 20,350 |
| Gain on sale of investment | 11 | 114,435 | - |
| Gain on revaluation of financial assets | 13 | 694,918 | - |
| Total revenue and other income | | 1,818,725 | 1,547,385 |
| Expenses | | | |
| Salaries and employee benefit expenses | | 854,640 | 1,586,737 |
| Share based payments | 12 | 120,791 | 184,540 |
| Consultants fees | | 144,077 | 339,896 |
| Advertising and marketing | | 9,054 | 93,940 |
| Depreciation and amortisation | | 6,089 | 19,475 |
| General expenses | | 392,229 | 481,826 |
| Interest expense | | 60,515 | 207 |
| Legal expenses | | 53,637 | 94,071 |
| Office expenses | | 184,312 | 391,992 |
| Travel and accommodation | | 66,007 | 116,422 |
| Short-term lease payments | | 20,077 | 39,362 |
| Reversal of impairment of trade receivables | | - | (749) |
| Research and development expenses | | 1,277,047 | 1,425,746 |
| Share of equity-accounted investee loss | 11 | 118,358 | 206,845 |
| Total expenses | | 3,306,833 | 4,980,310 |

Identitii Limited

Interim Financial Report

For the half-year ended 31 December 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | 31 December 2023 \$ | 31 December 2022 \$ |
|--|------|------------------------|------------------------|
| Loss before income tax | | (1,488,108) | (3,432,925) |
| Income tax expense | - | - | - |
| Loss for the period | | (1,488,108) | (3,432,925) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | 21 | (16,918) |
| Total comprehensive loss for the period | | (1,488,087) | (3,449,843) |
| Basic and diluted loss per share (cents) | 7 | (0.43) | (1.71) |

Consolidated Statement of Financial Position

| | Note | 31 December 2023 \$ | 30 June 2023 \$ |
|---|-------|------------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 1,941,526 | 1,287,005 |
| Research and development tax incentive receivable | | 555,515 | 1,490,084 |
| Trade receivables | 5 | 105,055 | 211,708 |
| Current assets | | 2,602,096 | 2,988,797 |
| Property, plant and equipment | | 27,473 | 49,860 |
| Investment in equity-accounted investees | 8, 11 | - | 1,392,307 |
| Financial assets | 9 | 1,083,318 | - |
| Other non-current assets | | 770 | 27,170 |
| Non-current assets | | 1,111,561 | 1,469,337 |
| Total assets | | 3,713,657 | 4,458,134 |
| Liabilities | | | |
| Trade and other payables | | 280,949 | 583,029 |
| Employee provisions | | 327,123 | 251,820 |
| Contract liabilities | 5 | 18,167 | 318,379 |
| Borrowings | | - | 980,000 |
| Current liabilities | | 626,239 | 2,133,228 |
| Total liabilities | | 626,239 | 2,133,228 |
| Net assets | | 3,087,418 | 2,324,906 |

| | Note | 31 December 2023 \$ | 30 June 2023 \$ |
|---|------|------------------------|--------------------|
| Equity | | | |
| Share capital | 10 | 35,614,058 | 33,438,200 |
| Share options reserve | 12 | 4,381,232 | 4,306,491 |
| Foreign currency translation reserve | | (19,865) | (19,886) |
| Retained losses | | (36,888,007) | (35,399,899) |
| Equity attributable to owners of Identitii Limited | | 3,087,418 | 2,324,906 |
| Total equity | | 3,087,418 | 2,324,906 |

Consolidated Statement of Changes in Equity

| | Note | Share capital | Share option reserve | Foreign currency translation reserve | Retained losses | Total |
|-------------------------------------|------|-------------------|-------------------------|--|---------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2023 | | 33,438,200 | 4,306,491 | (19,886) | (35,399,899) | 2,324,906 |
| Loss after tax | | - | - | - | (1,488,108) | (1,488,108) |
| Other comprehensive income | | - | - | 21 | - | 21 |
| Total comprehensive loss | | - | - | 21 | (1,488,108) | (1,488,087) |
| Loss of control of subsidiary | | - | - | - | - | - |
| Issue of ordinary share capital | | 2,157,895 | - | - | - | 2,157,895 |
| Costs of equity raising | | (28,087) | - | - | - | (28,087) |
| Exercise of performance rights | | 46,050 | (46,050) | - | - | - |
| Equity-settled share-based payments | | - | 120,791 | - | - | 120,791 |
| Balance at 31 December 2023 | | 35,614,058 | 4,381,232 | (19,865) | (36,888,007) | 3,087,418 |

Identitii Limited

Interim Financial Report

For the half-year ended 31 December 2023

Consolidated Statement of Changes in Equity

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

Consolidated Statement of Cash Flows

| | 31 December 2023 \$ | 31 December 2022 \$ |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 127,016 | 922,446 |
| Receipts from government grants and tax incentives | 1,526,684 | 1,240,015 |
| Payments to suppliers and employees | (3,170,471) | (4,915,385) |
| Cash flows utilised in operations | (1,516,771) | (2,752,924) |
| Interest received | - | 224 |
| Interest and other costs of finance paid | - | (207) |
| Total cash flows utilised in operating activities | (1,516,771) | (2,752,907) |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | - | - |
| Proceeds from disposal of property, plant and equipment | - | - |
| Repayment of loans from equity-accounted investees | - | 12,386 |
| Sale of investments in associates 11 | 999,985 | - |
| Total cash flows from investing activities | 999,985 | 12,386 |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | 2,158,741 | 416,868 |
| Transaction costs related to the issue of shares | (37,870) | (4,456) |
| Repayment of borrowings | (980,000) | - |
| Transaction costs related to borrowings and leases | - | - |
| Total cash flows from financing activities | 1,140,871 | 412,412 |
| Net increase /(decrease) in cash held | 624,085 | (2,328,109) |
| Opening cash balance | 1,287,005 | 5,074,133 |
| Effect of movement in exchange rates | 30,436 | 9,264 |
| Closing cash balance | 1,941,526 | 2,755,288 |

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 388 George Street, Sydney, NSW 2000.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 31 December 2023 and the results of all subsidiaries for the period then ended. Identitii Limited and its subsidiaries together are referred to in these financial statements as the Group.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024.

2. Basis of preparation

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going concern

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

As disclosed in the financial statements, the Group incurred a loss of for the period of \$1,488,108 and had net cash outflows from operating activities of \$1,516,771 for the half-year ended 31 December 2023. As at that date, the Group had net current assets of \$1,975,857 and net assets of \$3,087,418.

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

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

- The Group successfully raised \$2,129,808 (net of costs) in funding via an equity raise during the period;
- The Group has \$1,941,526 in cash and cash equivalents as at 31 December 2023;
- The Group sold 48% of its investment in its Associate resulting in cash inflows of \$999,985. The Group potentially has the ability to further sell down this investment;
- The Group has the ability to scale back a significant portion of its expenditure if required; and

- The Group potentially has the ability to source additional share capital or alternative funding sources pursuant to the Corporations Act 2001.

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

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

3. Significant accounting policies

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

New or amended accounting standards and interpretations

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

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

4. Operating segments

An operating segment is a component of the Group

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

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

| | Software Development and Licensing | |
|--|---|--------------------|
| <i>For the half-year ended 31 December</i> | 2023 \$ | 2022 \$ |
| Sales to external customers | 412,578 | 870,533 |
| Other revenue and income | 592,115 | 656,502 |
| Total segment revenue and income | 1,004,693 | 1,527,035 |
| <i>Unallocated revenue:</i> | | |
| Interest revenue | 4,679 | 20,350 |
| Gain on sale of investment | 114,435 | - |
| Gain on revaluation of financial assets | 694,918 | - |
| Total revenue and other income | 1,818,725 | 1,547,385 |
| EBITDA | (2,296,051) | (3,433,593) |
| Depreciation and amortisation | (6,089) | (19,475) |
| Interest revenue | 4,679 | 20,350 |
| Gain on sale of investment | 114,435 | - |
| Gain on revaluation of financial assets | 694,918 | - |
| Interest expense | - | (207) |
| Loss before income tax | (1,488,108) | (3,432,925) |
| Income tax expense | - | - |
| Loss for the period | (1,488,108) | (3,432,925) |

4. Operating segments (continued)

| | Software Development and Licensing | |
|--|---|-------------|
| <i>For the half-year ended 31 December</i> | 2023 | 2022 |
| | \$ | \$ |
| Segment assets | 3,713,657 | 5,374,430 |
| Segment liabilities | 626,239 | 733,361 |

Geographic information

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

| Revenue from contracts with customers | 31 December 2023 | 31 December 2022 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Asia | - | 277,005 |
| Australia | 129,494 | 368,661 |
| United States of America | 283,085 | 224,867 |
| | 412,579 | 870,533 |

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

| Location of non-current assets | 31 December 2023 | 30 June 2023 |
|---------------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Australia | 1,111,561 | 1,469,337 |
| | 1,111,561 | 1,469,337 |

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

5. Revenue

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

(a) Disaggregation of revenue

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

5. Revenue (continued)

| | Software Development and Licensing | |
|--|------------------------------------|----------------|
| <i>For the half-year ended 31 December</i> | 2023 | 2022 |
| | \$ | \$ |
| Nature of product and service | | |
| Licence and usage fees | 331,706 | 363,509 |
| Maintenance fees | - | 18,758 |
| Professional services | 52,372 | 470,266 |
| SaaS fees | 28,500 | 18,000 |
| Revenue from contracts with customers | 412,578 | 870,533 |

(b) *Timing of revenue recognition*

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

| | Software Development and Licensing | |
|--|------------------------------------|-------------|
| <i>For the half-year ended 31 December</i> | 2023 | 2022 |
| | \$ | \$ |
| Services transferred at a point in time | 52,372 | 470,266 |
| Services transferred over time | 360,206 | 400,267 |

(c) *Contract balances*

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

| | 31 December 2023 | 30 June 2023 |
|----------------------|-------------------------|---------------------|
| | \$ | \$ |
| Trade receivables | 16,499 | 17,049 |
| Contract liabilities | (18,167) | (318,379) |

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

| Contract assets | 31 December 2023 | 30 June 2023 |
|-------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Opening balance 1 July | - | 120,250 |
| Additions | - | - |
| Transfer to trade receivables | - | (120,250) |
| Closing balance | - | - |

5. Revenue (continued)

| Contract liabilities | 31 December 2023 \$ | 30 June 2023 \$ |
|--|-------------------------------|---------------------------|
| Opening balance 1 July | 318,379 | 259,712 |
| Payments received in advance | - | 603,424 |
| Transfer to revenue – in opening balance | (300,212) | (259,712) |
| Transfer to revenue – in other balances | - | (285,045) |
| Closing balance | 18,167 | 318,379 |

No information has been provided about remaining performance obligations at 31 December 2023 that have an original expected duration of one year or less, as allowed by AASB 15.

6. Income tax expense

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

7. Loss per share

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

| | 31 December 2023 \$ | 31 December 2022 \$ |
|---|-------------------------------|-------------------------------|
| Loss for the period attributable to owners of Identitii Limited | (1,488,108) | (3,432,925) |
| <u>Weighted-average number of ordinary shares</u> | | |
| Issued ordinary shares at 1 July | 212,798,462 | 200,809,923 |
| Effect of shares issued during the period | 130,710,818 | 467,048 |
| Weighted-average number of ordinary shares at 31 December | 343,509,280 | 201,276,971 |
| Basic and diluted loss per share (cents) | (0.43) | (1.71) |

Share based payment options have not been included in the calculation of diluted loss per share as these are considered anti-dilutive as at 31 December 2023 and 31 December 2022.

8. Equity-accounted investees

| | 31 December 2023 | 30 June 2023 |
|-----------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Investment in associates - Payble | - | 1,392,307 |

On 19 December 2023, Identitii sold 48% of its Payble shareholding to OIF Ventures for 999,985. Post transaction, Identitii retained an 11.4% shareholding. As a result, the residual investment has been transferred to a financial asset (see Note 9 below).

9. Financial assets

| | 31 December 2023 | 30 June 2023 |
|----------------------|-------------------------|---------------------|
| | \$ | \$ |
| Investment in Payble | 1,083,318 | - |

10. Share capital

| Ordinary shares | | | | |
|---|-------------------------|-------------------------|---------------------|-------------------------|
| | 31 December 2023 | | 30 June 2023 | |
| | \$ | Number of shares | \$ | Number of shares |
| In issue at the beginning of the period/year | 33,438,200 | 212,798,462 | 32,934,833 | 200,809,923 |
| Issued for cash, net of costs of equity – rights issue | 2,099,808 | 212,789,552 | 378,278 | 10,421,706 |
| Issued not for cash – conversion of performance rights | 46,050 | 1,650,000 | - | - |
| Issued for cash – shares issued to Directors | 30,000 | 3,000,000 | - | - |
| Issued not for cash – consideration for investor relation services | - | - | 105,089 | 1,189,474 |
| Issued not for cash - consideration to employee in accordance with employment contract | - | - | 20,000 | 377,359 |
| In issue at the end of the period/year – authorised, fully paid and no par value | 35,614,058 | 430,238,014 | 33,438,200 | 212,798,462 |

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.

10. Share capital (continued)

Issue of ordinary shares

On 5 September 2023, the Company issued 133,816,009 shares at a price of \$0.01 as part of an entitlements issue to existing shareholders.

On 21 September 2023, the Company issued 78,973,543 shares at a price of \$0.01 per share for the shortfall of the entitlements offer.

On 5 October 2023, the Company issued 1,650,000 shares to employees upon conversion of performance rights.

On 12 December 2023, the Company issued 3,000,000 shares at a price of \$0.001 per share to Directors.

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 12.

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

Dividends

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

11. Investment in associates

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

| Name | Principal place of business | Ownership interest | |
|----------------|-----------------------------|-----------------------|-------------------|
| | | 31 December 2023 % | 30 June 2023 % |
| Payble Pty Ltd | Australia | 11.4% | 32.8% |

Prior to the sale of 48% of the Group's ownership interest in Payble, Payble had 167,553 ordinary shares on issue. Subsequent to the transaction, Payble had 227,824 ordinary shares on issue, and as such, the Group's holding was reduced to 11.4%.

11. Investment in associates (continued)

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

Information presented in the 31 December 2023 table includes the results of Payble for the period from 1 July 2023 to 19 December 2023 when Payble was an equity-accounted investee.

| | Payble Pty Ltd | |
|--|------------------------|--------------------|
| | 19 December 2023 \$ | 30 June 2023 \$ |
| Summarised statement of financial position | | |
| Current assets | 3,231,739 | 679,891 |
| Non-current assets | 1,019,075 | 1,017,908 |
| Total assets | 4,250,814 | 1,697,799 |
| Current liabilities | 777,460 | 348,248 |
| Non-current liabilities | - | - |
| Total liabilities | 777,460 | 348,248 |
| Net assets | 3,473,354 | 1,349,551 |
| Summarised statement of profit or loss and other comprehensive income | | |
| Loss after tax | 360,846 | 1,349,551 |
| Total comprehensive loss | 360,846 | 1,349,551 |
| Reconciliation of the Group's carrying amount in associate | | |
| Opening carrying amount | 1,392,307 | 903,154 |
| Forgiveness of loan to Payble | - | 920,019 |
| Share of associate loss after tax | (118,358) | (430,866) |
| Cash received on sale on investment | (999,985) | - |
| Gain on sale of investment | 114,435 | - |
| Fair value post sell down of investment in associate and transfer to financial asset | (388,399) | - |
| Closing carrying amount | - | 1,392,307 |

12. Share based payment arrangements

For the period ended 31 December 2023, the Group recognised a share-based payment expense of \$120,791 in the statement of profit or loss (31 December 2022: \$184,540) under the following share-based payment arrangements.

| | | Share options | | | |
|--|-------|------------------|-------------------|------------------|-------------------|
| | | 31 December 2023 | | 30 June 2023 | |
| | | \$ | Number of options | \$ | Number of options |
| Director options | (i) | 1,049,305 | 12,358,082 | 979,674 | 12,358,082 |
| PAC Partners options | | 79,196 | 5,000,000 | 79,196 | 5,000,000 |
| Equity incentive plan | (ii) | 3,222,714 | 10,728,769 | 3,188,760 | 10,728,769 |
| Equity incentive plan – performance rights | | 30,017 | 2,150,000 | 58,861 | 3,800,000 |
| Options issued on rights offering | (iii) | - | 5,210,834 | - | 5,210,834 |
| In issue at end of period/year | | 4,381,232 | 35,447,685 | 4,306,491 | 37,097,685 |

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

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

Share options previously granted to Directors

A share-based payment expense of \$69,631 (31 December 2022: \$82,005) in relation to share options previously granted to Directors has been recognised in the statement of profit or loss for the period ended 31 December 2023.

(ii) Equity Incentive Plan (equity settled)

Share options previously granted to employees

A share-based payment expense of \$33,954 (31 December 2022: \$102,535) in relation to EIP share options previously granted to employees has been recognised in the statement of profit or loss for the period ended 31 December 2023.

Equity incentive plan – performance rights

Performance rights previously granted to employees

A share-based payment expense of \$17,206 (31 December 2022: Nil) in relation to EIP share options previously granted to employees has been recognised in the statement of profit or loss for the period ended 31 December 2023. 1,650,000 performance rights were converted to shares during the period, resulting in a reversal of vesting expenses totaling \$46,050.

13. Fair value measurements

The following tables detail the Group's assets and liabilities, measured or disclosed at fair using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

| 31 December 2023 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Level 4 \$ |
|---------------------|---------------|---------------|------------------|---------------|
| Assets | | | | |
| Financial assets | - | - | 1,083,000 | - |
| Total assets | - | - | 1,083,000 | - |

The were no fair valued financial assets as at 30 June 2022.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables are assumed to approximate their fair value due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities are the current market interest rate that is available for similar financial liabilities.

The following valuation techniques are used for instruments categorised in Level 3:

- Financial assets (Level 3) – The fair value of this investment was determined based on a transaction completed on 19 December 2023, where Identitii Limited sold 48% of its holding in Payble Pty Ltd.

| | Financial assets \$ |
|--|------------------------|
| Balance at 1 July 2023 | - |
| Recognition of a financial asset for the investment in Payble Pty Ltd upon reclassification from investment in equity-accounted investee | 388,400 |
| Gain on revaluation of financial assets | 694,918 |
| Balance at 31 December 2023 | 1,083,318 |

14. Subsequent events

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

Directors' Declaration

1. In the opinion of the Directors of Identitii Limited ('the Company'):
 - a. the consolidated financial statements and notes that are set out on pages 6 to 24 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



Mr. Timothy Phillipps
Chairman & Independent Non-Executive Director

Sydney
28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IDENTITII LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Identitii Limited which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 Identitii Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

As disclosed in the financial statements, the Group incurred a loss of for the period of \$1,488,108 and had net cash outflows from operating activities of \$1,516,771 for the half-year ended 31 December 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

RSM

RSM AUSTRALIA PARTNERS

A blue ink signature of Gary Sherwood, with the initials 'GNS' written to the right of the signature.

Gary Sherwood
Partner

Sydney, NSW
Dated: 28 February 2024