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Identitii

Annual Report

FY 24

ASX:ID8

Identitii Ltd

ABN: 83 603 107 044

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Contents

About Identitii

Identitii is on a mission to connect the world's payment data. We're payments, data and technology specialists at heart. We believe that the future of digital commerce will be enabled by greater access to and sharing of data within and across the boundaries of geography, residency and technology. It is with this belief that we seek to bring people, data and payments together.

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A letter from our Chairperson

Dear fellow Shareholders,

I want to acknowledge and thank you for your continued support again this year. I also want to assure you that the Board's focus continues to drive a strategy that enhances shareholder value quickly and sustainably. During the past year, the Board has actively supported our CEO and Executive team in identifying and pursuing strategic opportunities to increase revenue and position Identitii for far greater success in the future:

Strategic and Performance Focus

The expanded strategic focus addresses four key Board expectations;

1. **Move towards profitability**

A relentless focus on sales activity. Focus on additional opportunities to grow revenue, utilising existing technology and resources, including potential sector and geographic expansion.

2. **Be known for data sharing**

Evolve our existing platform and leverage our payment customers to seize the emerging payments data challenge and establish Identitii as a global market leader in accessing and sharing payment data.

3. **Be easier to work with**

Identify ways to reduce barriers to sales and focus on simplifying sales and onboarding processes for emerging digital markets.

4. **Build for the future**

Actively explore opportunities to acquire revenue by exploring M&A opportunities in adjacent technology businesses.

Leadership and team

The board has considerable confidence in our small but highly competent team. They remain focused and committed and work tirelessly to achieve the Company's objectives.

Although John Rayment, as CEO, is ultimately responsible for delivering all outcomes against the strategy, we have asked him to primarily focus on strategy 1. Moving toward profitability (Sales) and strategy 4. Building for the future.

Tim Dickinson, our innovative CTO, is focused on strategy 2. Being known for data sharing (including sector and geographic expansion) and strategy 3. Being easier to work with.

Through extensive consultation with shareholders, potential investors, and existing and potential payments data customers, along with geographic and sector market entry advisers, the board has already observed considerable progress in these areas.

The board is also pleased that we have continued reducing operating costs without impacting strategic operational aspirations. This has been possible due to the efforts of our CFO, Rebecca White, and the support of the leadership team.

Thanks to the dedication of our Head of Operations, Ben Jackson, we continue to meet world-class compliance levels in the information security space. This would ordinarily be a significant risk for a company working in the highly regulated payments data sector. However, our systems and processes are world-leading and actively protect our reputation and value.

The Board continues to actively oversee the management of additional assets, including the patent litigation and our investment in Payble. We are cautious yet optimistic about their future value for Shareholders.

Again, thank you for your support. We remain dedicated to improving shareholder value for everyone.

Tim Phillipps, Board Chairperson

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A letter from our CEO

Dear Shareholders,

Looking back on the past year, we're proud of the work we have delivered and excited for what lies ahead. Despite rapid change and challenges both internally and externally, Identitii has remained steadfast in its mission to address the underlying friction in cross-border payments. Through innovation, disciplined execution, and strong industry relationships, we've strengthened our position and set the stage for sustained growth.

Payments data challenge is growing

Identitii operates in the $190 trillion global cross-border payments market, which is expected to grow by 50% over the next seven years. That value includes all types of cross-border money movements, such as B2B payments, consumer remittances, international trade settlements and cross-border e-commerce transactions. It is a large and growing industry with many players, including banks, payment processors, Fintech companies, remittance providers and e-commerce platforms.

It's a highly regulated industry, with strict Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws designed to prevent, detect, and combat the flow of illicit funds through the financial system. The laws require the industry to have complex AML/CTF programs in place, with a comprehensive framework for detecting, preventing, and reporting potential money laundering and terrorism financing activities. Complying with the laws is an expensive exercise, the industry spent over $206bn last year alone.

It's also an industry that is facing massive disruption. There are tens of thousands of companies all over the world competing to move money across borders, the market is highly competitive and becoming increasingly fragmented. Companies are focusing on market segments and solving one or some of the industry challenges to stand out from the crowd, optimising their proposition for speed, or cost, or transparency, as examples. We believe this is like treating the symptoms instead of treating the cause.

The underlying cause that connects all of the challenges with cross-border payments is data. Specifically, the ability to collect and share enough payments data to keep money moving around the world. Data about the people and the companies sending and receiving money, where the money came from and where it's going. Whilst competition in the global cross-border payments industry is both significant and growing, very few companies are focused on addressing the underlying cause of friction.

Identitii was founded to solve this problem

Over the past twelve months, the Company has focused on progressing two streams to create shareholder value. The primary focus has been connecting cross-border payment companies to our cloud platform to grow our recurring SaaS revenue while paying close attention to costs and making savings where possible. Additionally, we have also focused on protecting the Company's intellectual property, filing a claim for patent infringement against JP Morgan Chase in the United States.

Growing our recurring SaaS revenue

Identitii's platform is used to solve the underlying friction that exists in the way money is moved around the world today. The platform provides structured, repeatable information workflows, creating an ecosystem of participants within a payments network. The result is improved security and control of sensitive data as it moves within and between payments organisations. Having had our platform in the market for several years, this is the use-case we see the most demand from the industry for.

In previous years Identitii pursued revenue from bespoke projects and professional services, and whilst these did generate revenue, they also incurred significant cost and left little we could easily resell to other customers. This year we focused on developing recurring SaaS revenue, at the expense of bespoke projects and professional services. Whilst revenue is lower than previous year, the strategy has delivered a product we can resell in the future, and sustainably lowered costs to improve our net result.

We welcomed several new customers this year, growing recurring SaaS revenue with one of Australia's top ten banks, an Australian International payments company, and a company providing compliance services to the financial

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services industry. In addition to progressing commercial opportunities with several different customer types, which provides encouragement that there is wider demand for our platform, we are delighted that all of our customers are now using the Identitii SaaS platform.

Protecting our intellectual property

In 2015 Identitii filed its first patent application in the United States and was eventually awarded the patent in 2021. Over the next few years, following the initial application in 2015, the Company participated in workshops with various financial institutions to bring the patent idea to life. One of the workshop participants (under non-disclosure agreement) was JP Morgan Chase, who subsequently launched the Interbank Information Network in 2017 after participating in our workshops.

In 2019 the Company was notified by the United States Patent and Trademark Office that they had rejected a patent application from JPMC, citing the Identitii patent application as prior art. It is the Company's view that the Interbank Information Network, which was later rebranded Liink, was launched using Identitii's intellectual property. This view is also supported by the Company's US patent attorneys Bunsow de Mory, and the Company's US litigation fund, Curiam Capital.

Following the lodgement of our claim for patent nfringement in the Delaware Court this year, as expected JPMC made several defensive moves. They filed motions to dismiss our claim with the Delaware Court and they filed petitions to invalidate our patent with the USPTO. Subsequent to year end, we were delighted to receive news that the USPTO had rejected both applications from JPMC to invalidate our patent. At the time of writing, we are waiting for the Delaware Court to rule on the motions to dismiss.

Summarising the year

This year we made great progress on a number of key initiatives that will deliver future revenue and shareholder value growth. We repositioned our brand and our website, improved our product-market fit and reduced the complexity and ongoing cost of our platform, leaving us tremendously well-placed for the years ahead. We also saw the culmination of several years of work invested to protect our intellectual property, with a genuine claim for patent infringement filed in the United States and externally funded

There is genuine optimism right across the Company, which is based on the progress outlined above, together with consistent industry feedback we're receiving, about the problems that exist and our growing ability to solve them. We're very thankful to shareholders that supported our capital raising activities this year, to ultimately help us continue in the pursuit of our mission to connect the world's payments data.

My sincere thanks to our dedicated team, for putting so much effort into working towards our mission to connect the world's payments data. And of course my sincere thanks to our shareholders for your continued support of the Board, the Executive and our Team.

Regards,
John Rayment
Chief Executive Officer

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 2024 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the year ended 30 June 2024 and up to the date of this report are:

Name, qualification and independence status	Experience, special responsibilities and other directorships
Executive	
Mr. John Rayment *Dip Proj Mgt, Dip Bus Mgmt., Dip Bus Mktg* *Executive Director*	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.
Non-Executive	
Mr. Timothy Phillipps *Dip Arts* *Independent Non-Executive Director* *Chairperson*	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 *B. Comm, B. Econ, M. Applied Finance, MBA (Exec), F FIN, GAICD* *Independent Non-Executive Director*	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.
Mr. Simon Griffin *BA (Economics)* *Independent Non-Executive Director*	Simon brings over 14 years' experience in global financial services, having worked in senior and executive roles in companies including Macquarie Bank, OFX, HiFX and XE.com. He also brings significant expertise in scaling technology businesses including Propsa and Car Next Door. Chair of the Nomination and Remuneration Committee.

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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	14	14	4	4	3	3
John Rayment	13	13	-	-	-	-
Rhyll Gardner	14	14	4	4	3	3
Simon Griffin	14	14	-	-	3	3

A Eligible to attend
B Attended

Principal activities

Identitii is a software company that helps financial services businesses and other regulated entities securely manage information collection and sharing, reducing the growing burden of data compliance requirements around the world.

Identitii's mission is to seamlessly connect the world's payment data. Current data sharing methods are manual and unstructured, exposing organisations to inefficiencies and elevated risk. Our platform is used by more than 200 teams across the world, to structure and automate information sharing, improving the security and control of sensitive data as it moves within and between payments organisations. We fundamentally believe that the future of digital commerce will be enabled by greater access to, and sharing of, payments data within and across the boundaries of geography, residency and technology.

The strategic highlights for the year ended 30 June 2024 are noted below.

Review of operations

During the year ended 30 June 2024, the Group achieved the following:

- 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

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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 1 December 2023, the Company announced that its contract with HSBC Australia to build, maintain and service a bespoke regulatory reporting platform would not be renewed and would expire on 31 December 2023. The bespoke version of the Identitii platform built for HSBC Australia was subsequently decommissioned.
- 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.
- On 8 May 2024, the Company announced that it was undertaking a pro-rata non-renounceable Entitlement Issue to Eligible Shareholders of one (1) fully paid ordinary share (New Share) for every two (2) existing Shares held by Eligible Shareholders on the Record Date, at an issue price of $0.01 per New Share, to raise up to $2,151,190 (before costs) (Rights Issue). The New Shares issued under the Rights Issue will rank equally with the existing shares on issue on the Record Date.
- On 5 June 2024, the Company announced that major shareholder, Beauvais Capital Pty Ltd (Beauvais Capital) as trustee for the Reginald Hector Trust, had entered into an underwriting agreement with the Company to partially underwrite the Company's rights issue offer up to the amount of $900,000 (90,000,000 Shares). In addition to the underwriting commitment, Beauvais Capital and its related entities also applied for their full entitlement under the offer. The closing date for the offer was also extended to Thursday, 4 July 2024 to allow extra time for Eligible Shareholders to take up their entitlements.

Review of financial conditions

The Group reported revenue from contracts with customers of $748,292 for the year ended 30 June 2024 (30 June 2023: $1,363,063), a decrease of 45% from the prior year. The Group reported a net loss after tax of $3,543,516 for the year ended 30 June 2024 (30 June 2023: $5,997,504), a decrease of $2,453,988 or 41%, primarily due to:

- A gain of 114,435 recorded for the sale of the Company's investment in Payble Pty Ltd upon the partial sell down of its shares.
- A $694,918 gain recorded on the revaluation of the Company's remaining investment in Payable Pty Ltd post the partial sell down of its shares.
- A $2,768,988 (31%) decrease in operating expenses for the financial year due to the Company's ongoing company-wide cost reduction program.

The Group had a positive net current asset balance of $79,509 (30 June 2023: $855,569) and a positive overall net asset balance of $1,179,739 (30 June 2023: $2,324,906) at 30 June 2024.

The Group had $643,761 of cash and cash equivalents on hand at 30 June 2024 (30 June 2023: $1,287,005) and reported a net cash outflow from operating activities of $3,728,724 during the year ended 30 June 2024 (30 June 2023: $5,203,726).

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 year ended 30 June 2024.

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Dividends

No dividends were declared or paid by the Company during the financial year ended 30 June 2024 (30 June 2023: Nil).

Events subsequent to reporting date

Subsequent to the balance date the Group announced the following material events:

- On 3 July 2024, the Group incorporated BNDRY Pty Ltd, a new wholly owned subsidiary.
- On 9 July 2024, the Company announced that its Rights Issue closed on 4 July 2024, and raised $1,659,445 before costs, with a shortfall balance of $491,745. The Rights Issue was a pro-rata non-renounceable entitlement issue to eligible shareholders of one (1) New Share for every two (2) existing Shares held by eligible shareholders on the Record Date, at an issue price of $0.01 per New Share. 165,944,526 New Shares were issued and allotted on 11 July 2024. It was further announced on 3 September 2024 that the shortfall was placed, raising a further $491,745.
- On 26 August 2024, the Company announced that it had defeated two challenges from JPMC to the validity of its U.S. Patent No. 10,984,413 (“the ’413 patent”). Ruling on both of JPMC’s challenges, the USPTO found that “the information presented fails to show a reasonable likelihood that JPMC would prevail in establishing the unpatentability” of the Company’s ’413 patent.

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:

	Ordinary shares	Options over ordinary shares
Timothy Phillipps	5,087,606	211,538
John Rayment [(1)]	6,096,824	8,397,652
Rhyll Gardner	3,079,795	-
Simon Griffin	1,500,000	-

[(1)] Shares and 397,652 Options held by Elorey Pty Ltd, of which John Rayment is a beneficiary.

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Shares issued on exercise of options

During or since the end of the financial year, 1,650,000 ordinary shares of the Company were issued by the Group as a result of the exercise of performance rights.

Risks and governance

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

a) Company Specific Risks

Competition

The business of providing enterprise software for the financial services industry in order to solve challenges for international wire transfers is highly competitive and includes companies with significantly greater financial, technical, human, research and development and marketing resources than the Company. There is also currently significant interest in adopting blockchain technology for this purpose, including among banks, financial intermediaries, financial technology start-ups and others. The Company's competitors may discover and develop products in advance of the Company and/or products that are more effective than those developed by the Company. As a consequence, the Company's current and future technologies and products may become obsolete or uncompetitive resulting in adverse effects on revenue, margins and profitability.

Failure to attract new customers

The Company may fail to attract new customers for a number of reasons, such as the failure to meet customer expectations or requirements, poor customer service, pricing or competition. The Company's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors, including a slowdown in economic activity, changes to law or changes to regulation. If the Company fails to retain its existing customers, attracts further business from those existing customers and attracts new customers, the Company's future operating and financial performance may be adversely affected, and its reputation may be damaged.

Product disruption

The rapid pace of innovation and development within the industry, together with the high number of competitors means that there are no guarantees the Company's products will be effective or economic. There is a risk that any of the Company's competitors' products, services or offerings may render the Company's products, services or offerings obsolete or uncompetitive. In particular, the enterprise software market and financial services industry has been rapidly evolving, with both new entrants and established participants operating in specific areas of expertise.

Business strategy risk

The Company's future growth and financial performance is dependent on the Company's ability to successfully execute its business strategy. This will be impacted by a number of factors, including the Company's ability to expand through new channels and develop within Australian and international financial services markets for its current commercialised products and services; ability to successfully commercialise its current products and services and being able to provide these products and services; innovate and successfully commercialise new products that are appealing to customers; and comply with regulatory requirements (reflecting the sensitive regulatory nature or highly regulated environment in which the Company's customers operate their business).

Inability to retain key staff

The Company currently employs a number of key management personnel and the Company's future depends on retaining appropriately qualified and experienced personnel. The loss of any of these employee's services could materially and adversely affect the Company and may impede the achievement of its product development and commercialisation objectives. Furthermore, the successful development of the Company will require the services of additional appropriately qualified and experienced staff. There can be no assurance that the Company will be able to attract appropriately qualified and experienced additional staff and this may adversely affect the Company's prospects of success.

b) Risks associated with the Company's intellectual property and trade secrets

Dependence on technology rights and intellectual property

Obtaining and protecting intellectual property rights over all the technologies and products connected with the Company's products, services or offerings will be essential to commercialisation and realising its growth potential. The prospects of the Company's products, services and offerings generating a profit and increasing in value depend significantly on its ability to obtain interests in all relevant intellectual property, maintain trade secret protection and operating without infringing the proprietary rights of third parties. In this regard, the Company and its Directors offer no assurance that any intellectual property which it develops or acquires will afford the Company or the holder commercially significant protection of its products or technologies, or that any of the projects that may arise from technologies will have commercial applications the Company expects. However, no assurance can be given that any measures taken to protect its interests in intellectual property will be sufficient. There is a risk that as yet unknown third parties may assert intellectual property claims in relation to blockchain, including any of the technologies or services associated with the Company's blockchain based products, services or offerings. Irrespective of the merit of any rights or claims asserted by third parties, such claims may adversely affect the Company. There is also a risk that the Company's investment may be indirectly adversely affected if a third party claim or asserted right reduces confidence in the longer-run viability of the blockchain industry.

Patent risk

The Company's patent applications in the United States and Singapore have been granted. However, there is no guarantee that the Company's patent will provide adequate protection for the intellectual property, or that third parties will not infringe or misappropriate its patents or any other rights. In addition, there can be no assurance that the Company will not have to pursue litigation against other parties to assert its rights. The Company has filed a claim in the United States District Court for the District of Delaware against JP Morgan Chase for patent infringement of U.S. Patent No. 10,984,413. The litigation is ongoing.

Infringement of third party intellectual property rights

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercialising its products and services. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one (1) or more licences from the prevailing third party. If it is not able to obtain these licences at a reasonable cost, if at all, it could encounter delays in product and service delivery and loss of substantial resources while it attempts to develop alternative products and services. Defence of any lawsuit or failure to obtain any of these licences could prevent the Company from commercialising available products and services and could cause it to incur substantial expenditure.

Trade secret risks

The Company relies on its trade secrets, which include information relating to the development of its technology and integration with its customers. The protective measures that the Company employs may not provide adequate protection for its trade secrets. This could erode the Company's competitive advantage and materially harm its business. The Company cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that the Company will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

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 2024 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.

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Non-audit services

The Directors received the Auditor’s Independence Declaration under s.307 of the Corporations Act 2001, which is set out on page 19. The external auditor did not provide non-audit services to the Company during the year ended 30 June 2024.

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 19 and forms part of the Directors’ report for the year ended 30 June 2024.

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.

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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 2024. 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 make 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.

Year ended to	**30 June 2024** **$**	**30 June 2023** **$**
Chairman's fee	75,000	75,000
Non-Executive Directors 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.

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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:

Table 1	**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)**
Year ended 30 June 2024	**$**	**$**	**$**	**$**	**$**	**$**	
Executive Directors							
John Rayment	335,000 (1)	34,100	12,160	-	138,438	**519,698**	27%
Non-Executive Directors							
Timothy Phillipps	75,000 (2)	-	-	-	-	**75,000**	-
Rhyll Gardner	50,000 (3)	-	-	-	-	**50,000**	-
Simon Griffin	51,903 (4)	4,678	-	-	-	**56,581**	-
Other KMP							
Rebecca White	126,250	-	-	-	-	**126,250**	-
Total	**638,153**	**38,778**	**12,160**	**-**	**138,438**	**827,529**	

(1) Inclusive of a $25,000 bonus paid during the year.
(2) Inclusive of $14,043 in Directors' fees accrued but not yet paid.
(3) Inclusive of $9,375 in Directors' fees accrued but not yet paid.
(4) Inclusive of $9,375 in Directors' fees accrued but not yet paid, and $1,903 in for the provision of additional consulting services during the year.

(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.

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Table 1	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)
Year ended 30 June 2023	$	$	$	$	$	$	
Executive Directors							
John Rayment	310,000	32,550	20,159	-	162,568	**525,277**	31%
Non-Executive Directors							
Timothy Phillipps	75,000	-	-	-	-	**75,000**	-
Rhyll Gardner	50,000	-	-	-	-	**50,000**	-
Simon Griffin	53,978	5,668	-	-	-	**59,646**	-
Other KMP							
Catherine Lin (1)	48,710	5,115	-	-	-	**53,825**	-
Rebecca White	59,750	-	-	-	-	**59,750**	-
Total	**597,438**	**43,333**	**20,159**	**-**	**162,568**	**823,498**	

(1) Resigned 8 January 2023.
(2) Appointed 8 January 2023.

(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.

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3. Service agreements

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

<u>John Rayment – Chief Executive Officer</u>

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 2024, a $25,000 bonus was 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.

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) *<u>Options over equity instruments granted as compensation</u>*

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 2024 as noted in the table below.

b) *<u>Analysis of movements in equity instruments</u>*

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 2023	Granted/ (forfeited) during the year	Held at 30 June 2024	Vested during the year	Vested at 30 June 2024	Exercisable at 30 June 2024
Timothy Phillipps	211,538	-	**211,538**	-	-	-
John Rayment	8,397,652	-	**8,397,652**	500,000	1,500,000	1,500,000
Rhyll Gardner	-	-	**-**	-	-	-
Simon Griffin	-	-	**-**	-	-	-
Rebecca White	-	-	**-**	-	-	-

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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.

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 2023	Acquired	Held at 30 June 2024
Timothy Phillipps	1,269,232	2,122,505	**3,391,737**
John Rayment	2,385,912	2,385,912	**4,771,824**
Rhyll Gardner	-	2,000,000	**2,000,000**
Simon Griffin	-	1,000,000	**1,000,000**
Rebecca White	-	-	**-**

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

Timothy Phillipps
Chairperson

Sydney

27 September 2024

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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 2024, 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: 27 September 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2024 $	30 June 2023 $
Revenue from contracts with customers	2	748,292	1,363,063
Research and development tax incentive		996,640	1,490,084
Government grants		36,600	36,303
Interest income		4,679	21,114
Gain on sale of investment	21	114,435	-
Gain on revaluation of financial assets	23	694,918	-
Total revenue and other income		**2,595,564**	**2,910,564**
Expenses			
Salaries and employee benefit expenses		1,747,861	2,179,630
Share based payments	14	235,849	405,977
Consultants fees		308,925	564,062
Advertising and marketing		7,571	148,983
Depreciation and amortisation		12,940	13,875
General expenses		670,069	738,465
Interest expense		75,181	52,694
Legal expenses		106,021	163,532
Office expenses		405,640	537,878
Travel and accommodation		122,374	191,926
Short-term lease payments		37,166	55,449
Reversal of impairment on trade receivables		-	(749)
Research and development expenses		2,291,125	3,425,480
Share of equity-accounted investee loss	21	118,358	430,866
Total expenses		**6,139,080**	**8,908,068**

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	Note	30 June 2024 $	30 June 2023 $
Loss before income tax		(3,543,516)	**(5,997,504)**
Income tax expense	3	-	-
Loss for the year		**(3,543,516)**	**(5,997,504)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(163)	(19,528)
Total comprehensive loss for the year		**(3,543,679)**	**(6,017,032)**
Basic and diluted loss per share (cents)	4	(0.92)	(2.90)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with accompanying notes

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Consolidated Statement of Financial Position

	Note	30 June 2024 $	30 June 2023 $
Assets			
Cash and cash equivalents	6	643,761	1,287,005
Research and development tax incentive receivable		996,640	1,490,084
Trade and other receivables	7	339,039	211,708
Current assets		**1,979,440**	**2,988,797**
Property, plant and equipment		16,142	49,860
Investment in equity-accounted investees	8	-	1,392,307
Financial assets	9	1,083,318	-
Other non-current assets		770	27,170
Non-current assets		**1,100,230**	**1,469,337**
Total assets		**3,079,670**	**4,458,134**
Liabilities			
Trade and other payables	10	437,018	583,029
Employee provisions	11	332,212	251,820
Contract liabilities	2	241,886	318,379
Borrowings	12	888,815	980,000
Current liabilities		**1,899,931**	**2,133,228**
Total liabilities		**1,899,931**	**2,133,228**
Net assets		**1,179,739**	**2,324,906**
Equity			
Share capital	13	35,646,913	33,438,200
Share options reserve	14	4,417,290	4,306,491
Foreign currency translation reserve		(20,049)	(19,886)
Retained losses		(38,864,415)	(35,399,899)
Total equity		**1,179,739**	**2,324,906**

The above Consolidated Statement of Financial Position should be read in conjunction with accompanying notes

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Consolidated Statement of Changes in Equity

	Note	Share capital $	Share option reserve $	Foreign currency translation reserve $	Retained losses $	Total equity $
Balance at 1 July 2023		**33,438,200**	**4,306,491**	**(19,886)**	**(35,399,899)**	**2,324,906**
Loss after tax		-	-	-	(3,543,516)	(3,543,516)
Other comprehensive income		-	-	(163)	-	(163)
Total comprehensive loss		-	-	(163)	(3,543,516)	(3,543,679)
Issue of ordinary share capital	13	2,207,896	-	-	-	2,207,896
Costs of equity raising	13	(45,233)	-	-	-	(45,233)
Exercise of performance rights	13	46,050	(46,050)	-	-	-
Equity-settled share-based payments	14	-	235,849	-	-	235,849
Expired options and performance rights	14	-	(79,000)	-	79,000	-
Balance at 30 June 2024		**35,646,913**	**4,417,290**	**(20,049)**	**(38,864,415)**	**1,179,739**

	Note	Share capital $	Share option reserve $	Foreign currency translation reserve $	Retained losses $	Total equity $
Balance at 1 July 2022		**32,934,833**	**3,900,514**	**(358)**	**(29,402,395)**	**7,432,594**
Loss after tax		-	-	-	(5,997,504)	(5,997,504)
Other comprehensive income		-	-	(19,528)	-	(19,528)
Total comprehensive loss		-	-	(19,528)	(5,997,504)	(6,017,032)
Issue of ordinary share capital	13	541,976	-	-	-	541,976
Costs of equity raising	13	(38,609)	-	-	-	(38,609)
Equity-settled share-based payments	14	-	405,977	-	-	405,977
Balance at 30 June 2023		**33,438,200**	**4,306,491**	**(19,886)**	**(35,399,899)**	**2,324,906**

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying notes

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Consolidated Statement of Cash Flows

	Note	30 June 2024 $	30 June 2023 $
Cash flows from operating activities			
Receipts from customers		692,247	1,847,455
Payments to suppliers and employees		(5,856,251)	(8,218,360)
Cash flows utilised in operations		**(5,164,004)**	**(6,370,905)**
Receipts from government grants and tax incentives		1,526,684	1,240,015
Interest received		4,679	987
Interest and other costs of finance paid		(96,083)	(73,823)
Total cash flows used in operating activities	15	**(3,728,724)**	**(5,203,726)**
Cash flows from investing activities			
Cash flows from loans to equity-accounted investees		-	12,386
Sale of investments in associates	21	999,984	-
Total cash flows from investing activities		**999,984**	**12,386**
Cash flows from financing activities			
Proceeds from the issue of shares	13	2,157,896	416,868
Transaction costs related to the issue of shares		(53,922)	(36,109)
Proceeds from borrowings	12	888,815	980,000
Repayment of borrowings	12	(980,000)	-
Transaction costs related to borrowings and leases		(16,491)	-
Total cash flows from financing activities		**1,996,298**	**1,360,759**
Net (decrease) in cash held		**(732,442)**	**(3,830,581)**
Opening cash balance		1,287,005	5,074,133
Effect of movement in exchange rates		89,198	43,453
Closing cash balance	6	**643,761**	**1,287,005**

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying notes

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Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group including Identitii Limited and its subsidiary.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"). The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements comprise the consolidated financial statements of the Group which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Historical cost convention

The consolidated financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed throughout the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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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 for the year ended 30 June 2024 of $3,543,516 and total cash outflows from operating activities of $3,728,724. As at that date, the Group had net current assets of $79,509 and net assets of $1,179,739. As such the Group needs to raise additional capital to support its operating activities.

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

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

- The Group has $643,761 in cash and cash equivalents as at the balance date;
- The Group successfully raised $888,815 in debt funding during the year and is evaluating plans to secure additional debt funding later in the year;
- The Group successfully raised equity funding of $2,113,735 during the financial year; and
- On 9 July 2024, the Company announced that its Rights Issue closed on 4 July 2024, and raised $1,659,445 before costs, with a shortfall balance of $491,745. The Rights Issue was a pro-rata non-renounceable entitlement issue to eligible shareholders of one (1) New Share for every two (2) existing Shares held by eligible shareholders on the Record Date, at an issue price of $0.01 per New Share. 165,944,526 New Shares were issued and allotted on 11 July 2024. It was further announced on 3 September 2024 that the shortfall was placed, raising a further $491,745.

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.

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.

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.

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 current when it is expected to be realized or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized 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 current when it is expected to be settled in 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

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Current and non-current classification (continued)

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.

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.

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.

New, revised or amended accounting standards adopted

The Group has retrospectively adopted, as at the date of incorporation, all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for the year commencing 1 July 2023. There was no material impact on the group's financial statements on the adoption of these Standards and Interpretations.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year ended 30 June 2024 have not been early adopted.

2. 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.

For the year ended 30 June	**2024 $**	**2023 $**
Nature of product and service		
License and usage fees	634,920	645,703
Maintenance fees	-	21,827
Professional services	53,372	635,533
SaaS fees	60,000	60,000
Revenue from contracts with customers	**748,292**	**1,363,063**

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2. Revenue *(continued)*

b) *Timing of revenue recognition*

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

For the year ended 30 June	**2024 $**	**2023 $**
Services transferred at a point in time	53,372	635,533
Services transferred over time	694,920	727,530

c) *Contract balances*

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

	30 June 2024 $	**30 June 2023 $**
Trade receivables	22,000	17,049
Contract assets	-	-
Contract liabilities	(241,886)	(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 year are set out below:

Contract assets	**30 June 2024 $**	**30 June 2023 $**
Opening balance 1 July	-	120,250
Additions	-	-
Transfer to trade receivables	-	(120,250)
Closing balance 30 June	**-**	**-**

Contract liabilities	**30 June 2024 $**	**30 June 2023 $**
Opening balance 1 July	318,379	259,712
Payments received in advance	499,439	603,424
Transfer to revenue – in opening balance	(318,379)	(259,712)
Transfer to revenue – other balances	(257,553)	(285,045)
Closing balance 30 June	**241,886**	**318,379**

No information has been provided about remaining performance obligations at 30 June 2024 that have an original expected duration of one year or less, as allowed by AASB 15.

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2. Revenue *(continued)*

Accounting Policy - Revenue

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

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

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

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

Product and services	Nature and timing of satisfaction of performance obligations
Licence fees	The contracts require the Group to undertake maintenance and software enhancement activities throughout the licence period that significantly affects the intellectual property (IP) to which the customers have rights. The nature of the Group's performance obligation in granting a licence is regarded as a right to access the IP and thus the Group recognises licence fee revenue over time. Licence fee revenue is recognised in equal monthly instalments from the date the licence is first transferred and for the term of the contract. The licence fee is a fixed annual fee as specified in the contract.
Maintenance fees	Maintenance (software, equipment and hosted services maintenance) is to be provided to customers on an ongoing basis from the date the licence is first transferred and throughout the term of the contract. The maintenance fee is a fixed annual fee as specified in the contract. Under AASB 15, the performance obligation to provide maintenance services is first met upon transfer of the licence and is ongoing throughout the term of the contract. The total maintenance fee revenue to be billed under the contract is recognised in equal monthly instalments over time from the date the licence is first transferred.
Usage fees	Usage fee revenue is determined by the number of successful transactions (as defined in the contract) and is based on information provided to the Group by the customer. Usage fees are recognised only when the later of the usage occurs and the licence fee obligation has been satisfied. Usage fees are variable fees and may be subject to an annual cap as specified in the contract. The Group recognises usage fee revenue over time based on when the usage occurs.

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2. Revenue *(continued)*

Accounting Policy - Revenue *(continued)*

Professional services (Including setup, training, and other support costs)	**Professional services include setup, training, and support costs as well as individual customisation projects that are separate and distinct performance obligations.** **The Group recognises revenue at a point in time based on time and materials incurred in delivering the product and services to its customers as per the terms and prices specified in the contract. Invoices are generated on confirmation of product and service delivery and revenue is recognised at that point in time.**

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.

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.

Accounting policy - 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.

Accounting policy - 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.

3. Income tax expense

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.

a) *Amounts recognised in profit or loss*

	30 June 2024 $	30 June 2023 $
Current tax expense	-	-
Deferred tax expense	-	-
Aggregate income tax expense	**-**	**-**

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3. Income tax expense *(continued)*

b) *Reconciliation of accounting loss to taxable loss*

	30 June 2024 $	30 June 2023 $
Loss before tax	(3,543,516)	(5,997,504)
Adjustments to accounting loss		
Non-deductible expenses	3,376,607	4,066,247
Tax exempt income	(2,006,685)	(1,566,921)
Taxable loss	**(2,173,594)**	**(3,498,178)**
Income tax expense	-	-

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 2024		30 June 2023
	Gross amount $	Tax effect $	Gross amount $	Tax effect $
Tax losses	21,646,340	5,411,585	19,472,746	4,868,187

Accounting Policy - Income Tax Expense

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 incomes 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.

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.

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3. Income tax expense *(continued)*

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.

4. 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.

	30 June 2024 $	**30 June 2023 $**
Loss for the year attributable to owners of Identitii Limited	(3,543,516)	(5,997,504)
Weighted-average number of ordinary shares		
Issued ordinary shares at 1 July	212,798,462	200,809,923
Effect of shares issued during the year	173,920,188	6,041,066
Weighted-average number of ordinary shares at 30 June	386,718,650	206,850,989
Basic and diluted loss per share (cents)	**(0.92)**	**(2.90)**

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 2024 and 30 June 2023.

5. 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.

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5. Operating segments *(continued)*

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	
For the year ended 30 June	**2024** **$**	**2023** **$**
Sales to external customers	748,292	1,363,063
Other revenue and income	1,033,240	1,526,387
Total segment revenue and income	1,781,532	2,889,450
Unallocated revenue:		
Interest revenue	4,679	21,114
Gain on sale of investment	114,435	-
Gain on revaluation of financial assets	694,918	-
Total revenue and other income	**2,595,564**	**2,910,564**

	Software Development and Licensing	
For the year ended 30 June	**2024** **$**	**2023** **$**
EBITDA	**(4,269,427)**	**(5,952,049)**
Depreciation and amortisation	(12,940)	(13,875)
Interest revenue	4,679	21,114
Gain on sale of investment	114,435	-
Gain on revaluation of financial assets	694,918	-
Interest expense	(75,181)	(52,694)
Loss before income tax	(3,543,516)	(5,997,504)
Income tax expense	-	-
Loss for the year	**(3,543,516)**	**(5,997,504)**
Segment assets	3,079,670	4,458,134
Segment liabilities	1,899,931	2,133,228

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5. Operating segments *(continued)*

Geographic information

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

Revenue from contracts with customers	**30 June 2024 $**	**30 June 2023 $**
Asia	-	292,493
Australia	241,988	623,988
United States of America	506,304	446,582
	748,292	**1,363,063**

Revenue is based on the location of the customer. Refer to Note 2 for further detail on major customers, products, and services.

Location of non-current assets	**30 June 2024 $**	**30 June 2023 $**
Australia	1,100,230	1,469,337
	1,100,230	**1,469,337**

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

6. Cash and cash equivalents

	30 June 2024 $	**30 June 2023 $**
Bank balances	643,761	1,287,005
	643,761	**1,287,005**

Accounting Policy - 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.

7. Trade and other receivables

	30 June 2024 $	**30 June 2023 $**
Trade receivables	22,000	17,046
Prepayments	257,069	145,012
Other receivables	59,970	49,650
	339,039	**211,708**

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7. Trade and other receivables *(continued)*

Accounting Policy - 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 provision for impairment. Trade receivables generally have 30 to 45 day payment terms.

Collectability of trade receivables is reviewed on an ongoing basis in accordance with the expected credit loss ("ECL") model. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group 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 financial asset.

The ECL assessment completed by the Group as at 30 June 2024 has resulted in an immaterial credit loss and no impairment allowance has been recognised by the Group (30 June 2023: $Nil).

8. Equity-accounted investees

	30 June 2024 $	**30 June 2023 $**
Investment in associates – Payble Pty Ltd ("Payble")	**-**	**1,392,307**

On 19 December 2023, Identitii sold 48% of its Payble shareholding to OIF Ventures for 999,984. Post transaction, Identitii retained an 11.4% shareholding. As a result, the residual investment has been transferred to a financial asset (see Note 9 and Note 21 below).

Movement:

	2024 $	**2023 $**
Opening carrying amount	1,392,307	903,154
Forgiveness of loan in exchange for shares	-	920,019
Share of associate loss after tax	(118,358)	(430,866)
Cash received on sale on investment	(999,984)	-
Gain on sale of investment	114,435	-
Fair value post sell down of investment in associate and transfer to financial asset	(388,400)	-
Closing carrying amount	**-**	**1,392,307**

9. Financial assets

	30 June 2024 $	**30 June 2023 $**
Investment in Payble (Note 23)	1,083,318	-

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9. Financial assets *(continued)*

Movement:

	2024 $	2023 $
Opening carrying amount	-	-
Fair value post sell down of investment in associate and transfer to financial asset	388,400	-
Gain on revaluation of financial assets	694,918	-
Closing carrying amount	**1,083,318**	**-**

10. Trade and other payables

	30 June 2024 $	30 June 2023 $
Trade payables	203,979	399,014
Other payables and accruals	233,039	184,015
	437,018	**583,029**

Accounting Policy - 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 amortized cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

11. Employee provisions

	30 June 2024 $	30 June 2023 $
Provision for annual leave	205,318	184,538
Superannuation payable	58,559	67,282
Employee taxes withheld	68,335	-
	332,212	**251,820**

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.

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11. Employee provisions *(continued)*

Accounting Policy - Employee Provisions

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.

12. Borrowings

	30 June 2024 $	**30 June 2023 $**
Current		
R&D loan facility	888,815	980,000
	888,815	**980,000**

R&D loan facility

On 5 June 2024, the Company entered into a new term loan facility of $888,815, secured against future R&D refunds to be received by the Company. The facility is a prepayment of the forecasted R&D tax incentive claim for the year ended 30 June 2024, with a termination date of 30 October 2024. The facility attracts interest at a rate of 18% p.a., which has been fully paid in advance on the date of draw down. At 30 June 2024 the balance of the facility was $888,815. The balance of $980,000 in relation to the prior year was paid out the proceeds on the FY23 R&D refund received in the year under review.

Accounting Policy - Borrowings

Loans and 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 rate method.

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13. Share capital

	Ordinary shares			
	30 June 2024		30 June 2023	
	$	Number of shares	$	Number of shares
In issue at beginning of the year	33,438,200	212,798,462	32,934,833	200,809,923
Issued for cash, net of costs of equity – rights issue	2,113,735	215,789,552	378,278	10,421,706
Issued not for cash – consideration for investor relation services	49,250	5,000,000	105,089	1,189,474
Issued not for cash - consideration to employee in accordance with employment contract	-	-	20,000	377,359
Issued not for cash – exercise of performance rights	45,728	1,650,000	-	-
In issue at end of the year – authorised, fully paid and no par value	**35,646,913**	**435,238,014**	**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.

Issue of ordinary shares

On 5 September 2023, as part of a rights issue to existing shareholders, the Board approved the issue of 133,816,009 ordinary shares in the Company. The shortfall was placed on 21 September 2023 resulting in the issuance of a further 78,973,543 shares in the Company. On 12 December 2023, a further 3,000,000 shares were issued to related parties who participated in the rights issue, post shareholder approval at the Company's 2023 Annual General Meeting. All shares were issued at a price of $0.01 per share and share issue costs of $44,161 were incurred in relation to this issuance.

On 5 October 2023, the Company issued 1,650,000 shares were issued to employees upon the conversion of performance rights following the vesting of performance criteria. Share issue costs of $322 were incurred in relation to this issuance.

On 25 June 2024, the Company issued 5,000,000 shares at a price of $0.01 per share to a consultant as consideration for investor relation services. Share issue costs of $750 were incurred in relation to this issuance.

Accounting policy - 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.

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.

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.

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14. Share based payment arrangements

For the year ended 30 June 2024, the Group recognised a share-based payment expense of $235,848 in the statement of profit or loss (30 June 2023: $405,977) under the following share-based payment arrangements.

		Share options & performance rights			
		30 June 2024		30 June 2023	
		Share options reserve $	Number of options	Share options reserve $	Number of options
Director options		1,117,741	12,358,082	979,674	12,358,082
PAC Partners options		-	-	79,196	5,000,000
Equity incentive plan - options		3,252,513	10,728,769	3,188,760	10,728,769
Equity incentive plan - performance rights	(i)	47,036	2,150,000	58,861	3,800,000
Options issued on rights offering	(ii)	-	5,210,834	-	5,210,834
On issue at end of year		**4,417,290**	**30,447,685**	**4,306,491**	**37,097,685**

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

	Number of options 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Outstanding at 1 July	33,297,685	$0.20	33,599,487	$0.26
Forfeited during the year	-	-	(2,766,344)	$0.15
Expired during the year	(5,000,000)	$0.24	(2,746,292)	$0.75
Granted during the year	-	-	5,210,834	$0.08
Outstanding at 30 June	**28,297,685**	**$0.19**	**33,297,685**	**$0.20**

(i) Performance Rights Issued

On 6 March 2023, the Company granted a total of 3,800,000 Performance Rights in the following tranches:

- Tranche 1: 1,650,000 Rights, vesting 1 July 2023, expiring 31 December 2024. All Tranche 1 rights were executed during the year.
- Tranche 2: 1,650,000 Rights, vesting 1 July 2024, expiring 31 December 2024.
- Tranche 3: 500,000 Rights, vesting on satisfaction of set Milestones, expiring 31 October 2027.

All Rights have nil exercise prices.

The tranches have the following vesting conditions:

- Tranche 1: Maintain continuous employment to 1 July 2023.
- Tranche 2: Maintain continuous employment to 1 July 2024.
- Tranche 3: Maintain continuous employment to 1 July 2024, and Identitii recording revenue of at least $5 million in the preceding 12-month period.

14. Share based payment arrangements (continued)

The Rights have no exercise price, and as such have been valued as per the ID8 share price as at the date of acceptance, weighted based on the likelihood of the vesting conditions being met.

(ii) Options Issued on Rights Offering

On 20 December 2022 the Non-Renounceable Rights Offering closed, with 5,210,834 share options granted to participants on 29 December 2022. No expense has been recognised in respect of these options for the period ended 30 June 2024, as they were issued to equity shareholders in their capacity as shareholders. The options have an exercise price of $0.08 and vest over a two-year period.

Accounting Policy - Share-based payments

Equity Incentive Plan (EIP)

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.

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 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 or not 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 increase 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.

Critical accounting judgements, estimates and adjustments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes option pricing model, using the assumptions noted above.

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15. Reconciliation of cash flows from operating activities

	30 June 2024 $	30 June 2023 $
Loss for the year	**(3,543,516)**	**(5,997,504)**
Adjustments for:		
Equity settled share-based payment transactions	235,848	405,977
Depreciation and amortisation	12,940	37,054
Loss on disposal of asset	7,119	257
Gain on sale of investment	(114,435)	-
Gain on revaluation of financial assets	(694,918)	-
Bank revaluation and unrealised FX gains and losses	220	(62,033)
Interest (income)/expense and other finance costs	(4,679)	(21,129)
Bad and doubtful debts	-	(749)
Equity settled consulting fees	50,000	123,750
Share of equity-accounted investee loss	118,358	430,866
Other non-cash generating expenses	(19,662)	(12,592)
	(3,952,725)	(5,096,103)
Changes in:		
Trade and other receivables	(127,331)	300,682
R&D tax receivable	493,444	(296,121)
Contract assets	-	120,250
Trade and other payables	(146,011)	(61,288)
Employee provisions	80,392	(229,813)
Contract liabilities	(76,493)	58,667
Net cash used in operating activities	**(3,728,724)**	**(5,203,726)**

16. 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))

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15. Financial instruments – fair values and risk management *(continued)*

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 2024 $	30 June 2023 $
Decrease in impairment loss on trade receivables and contract assets arising from contracts with customers	-	(749)

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.

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. To date no customer balances have been written off or credit impaired at the reporting date.

For the year ending 30 June 2024, an ECL of nil has been assessed as the closing trade receivables balance of $22,000 is considered immaterial.

Cash and cash equivalents and other receivables

The Group held cash and cash equivalents of $643,761 at 30 June 2024 (30 June 2023: $1,287,005). 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 $317,040 at 30 June 2024 (30 June 2023: $194,662). 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.

15. 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 2024 $	30 June 2023 $
Balance at 1 July	-	749
Net remeasurement of loss allowance	-	(749)
Balance at 30 June	**-**	**-**

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 2024	**Carrying amount $**	**Total $**	**2 months or less $**	**2-12 months $**	**12 months or more $**
Trade and other payables	437,018	437,018	437,018	-	-
Borrowings	888,815	888,815	-	888,815	-
	1,325,833	**1,325,833**	**437,018**	**888,815**	**-**

		Contractual cash flows			
30 June 2023	**Carrying amount $**	**Total $**	**2 months or less $**	**2-12 months $**	**12 months or more $**
Trade and other payables	583,029	583,029	583,029	-	-
Borrowings	980,000	980,000	-	980,000	-
	1,563,029	**1,563,029**	**583,029**	**980,000**	**-**

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15. 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 2024 USD	30 June 2023 USD
Cash and cash equivalents	42,229	588,140
Trade receivables	-	-
Trade payables	(2,540)	(60,219)
Net statement of financial position exposure	**39,689**	**527,921**

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:

Impact on profit after tax	30 June 2024 $	30 June 2023 $
10% increase in USD/AUD exchange rate	6,657	22,311
10% decrease in USD/AUD exchange rate	(5,447)	(10,993)

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

16. Commitments

The Group has no commitments or contingencies.

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17. 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 2024 $	30 June 2023 $
Audit and review services		
RSM (Australia)		
Audit and review of financial statements	66,200	63,750
RSM (Hong Kong)		
Audit and review of financial statements	-	5,685
	66,200	**69,435**

18. 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:

Compensation by category	30 June 2024 $	30 June 2023 $
Short-term employment benefits	638,153	597,438
Post-employment benefits	38,778	43,333
Other long-term employment benefits	12,160	20,159
Termination benefits	-	-
Share-based payments	138,438	162,568
	827,529	**823,498**

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.

b) *KMP transactions*

KMP of the Company control approximately 2.6% of the voting shares of the Company as at 30 June 2024.

19. Related parties *(continued)*

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.

20. List of subsidiaries

The table below lists the controlled entities of the Group as at 30 June 2024.

Name	Principal place of business	Ownership interest	
		30 June 2024	30 June 2023
Identitii Hong Kong Limited	Hong Kong	100%	100%

The Company provided $7,877 (30 June 2023: $6,152) of financial support during the year to Identitii Hong Kong Limited to assist with the payment of operating costs relating to ongoing compliance requirements.

21. Investment in associates

The Company ceased to have significant influence over Payable Pty Limited in the year under review. The investment in associates was accounted for using the equity method of accounting. Information relating to associates that were material to the Group are set out below:

Name	Principal place of business	Ownership interest	
		30 June 2024	30 June 2023
Payble Pty Ltd	Australia	11.4%	32.8%

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.

The information presented in the 30 June 2024 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**

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21. Investment in associates *(continued)*

	Payble Pty Ltd	
	19 December 2023 $	**30 June 2023 $**
Summarised statement of profit or loss and other comprehensive income		
Loss after tax	360,846	1,312,416
Total comprehensive loss	**360,846**	**1,312,416**
Reconciliation of the carrying amount in associate		
Opening carrying amount	1,392,307	903,154
Forgiveness of loan in exchange for shares	-	920,019
Share of associate loss after tax	(118,358)	(430,866)
Cash received on sale on investment	(999,984)	-
Gain on sale of investment	114,435	-
Fair value post sell down of investment in associate and transfer to financial asset (Note 23)	(388,400)	-
Closing carrying amount	**-**	**1,392,307**

Accounting Policy - 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.

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22. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2024, the parent entity of the Group was Identitii Limited.

	30 June 2024 $	30 June 2023 $
Results of parent entity		
Total comprehensive loss for the year	(3,535,133)	(5,983,799)
Financial position for the parent entity		
Current assets	1,976,543	4,023,778
Parent entity disclosures (continued)		
Total assets	**4,123,141**	**5,493,114**
Current liabilities	1,887,799	2,121,151
Total liabilities	**1,887,799**	**2,121,151**
Total equity of the parent entity		
Share capital	35,646,894	33,438,181
Reserves	4,417,289	4,292,785
Retained losses	(37,828,841)	(34,359,003)
Total equity	**2,235,342**	**3,371,963**

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments

The parent entity had no capital commitments for property, plant, and equipment as at 30 June 2024 and 30 June 2023.

23. 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.

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23. Fair value measurements *(continued)*

30 June 2024	Level 1 $	Level 2 $	Level 3 $	Level 4 $
Assets				
Financial assets	-	-	1,083,318	-
Total assets	**-**	**-**	**1,083,318**	**-**

The were no fair valued financial assets as at 30 June 2023.

There were no transfers between levels during the financial year.

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

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% (24,108 shares) of its holding in Payble Pty Ltd at $41,28 per share. The sale transaction was supported by a share placement of 60,271 shares issued at the same price.

	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 (Note 21)	388,400
Gain on revaluation of financial assets	694,918
Balance at 30 June 2024	**1,083,318**

Sensitivity analysis

If the share price of Payble Pty Ltd were to increase / decrease by 10 per cent from the price used to determine the fair value 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:

Impact on profit after tax	**30 June 2024 $**
10% increase in the share price of Payble Pty Ltd	108,332
10% decrease in the share price of Payble Pty Ltd	(98,483)

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24. Subsequent events

Subsequent to the balance date the Group announced the following material events:

- On 9 July 2024, the Company announced that its Rights Issue closed on 4 July 2024, and raised $1,659,445 before costs, with a shortfall balance of $491,745. The Rights Issue was a pro-rata non-renounceable entitlement issue to eligible shareholders of one (1) New Share for every two (2) existing Shares held by eligible shareholders on the Record Date, at an issue price of $0.01 per New Share. 165,944,526 New Shares were issued and allotted on 11 July 2024. It was further announced on 3 September 2024 that the shortfall was placed, raising a further $491,745.

- On 26 August 2024, the Company announced that it had defeated two challenges from JPMC to the validity of its U.S. Patent No. 10,984,413 (“the ’413 patent”). Ruling on both of JPMC’s challenges, the USPTO found that “the information presented fails to show a reasonable likelihood that JPMC would prevail in establishing the unpatentability” of the Company’s ’413 patent.

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.

Entity name	Entity type	Trustee in a Trust, Partner in a Partnership or a participant in a Joint Venture	Place formed / Country of incorporation	Ownership interest %	Tax residency
Identitii Limited	Body corporate	N/A	Australia	-	Australia
Identitii Hong Kong Limited	Body corporate	N/A	Hong Kong	100.00%	Hong Kong

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Directors' Declaration

1. In the opinion of the Directors of Identitii Limited ('the Company'):
   a. the consolidated financial statements and notes that are set out on pages 20 to 51 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 2024 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.
   c. The information disclosed in the attached consolidated entity disclosure statement on page 52 is true and correct.

2. The Directors draw attention to Note 1 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 2024.

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

Timothy Phillipps
Chairperson

Sydney
27 September 2024

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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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which indicates that the Group incurred a net loss of $3,543,516 and net operating cash flows use of $3,728,724 during the year ended 30 June 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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
Financial Assets and Investments in Associate Refer to Note 8, Note 9, note 21and Note 23 in the financial statements.	
The Group has previously equity accounted for an investment in an associate caried at $1,392,000 as at 30 June 2023. During the year under review, the Group sold down a significant portion of its investment and ceased to have significant influence over the investee company. The accounting policy in relation to this investment changed from equity accounting to fair value through profit and loss in the year under review. The investment is carried at $1,083,318 as at 30 June 2024 and is reflected as a financial asset. The various transactions in relation to this investment have resulted in a gain on the sale of investment of $114,435, and a gain on the revaluation of financial assets of $694,918. Up until the time that the company ceased to have significant influence over the investee, its share of equity accounted investee losses was $118,358. We consider this to be a key risk due to the following reasons: • Accounting for investments in associates is non-routine and can be technically complex in nature. • The derecognition of the investment in associate and the resulting financial asset is also non-routine and technically complex. • There is an element of judgement and estimation uncertainty in relation to the quantification of the fair value of the financial assets. • The carry value of the investment and the resulting gain on the revaluation of financial assets is material to the financial statements.	Our audit procedures included the following: • Discuss the various transactions with management and critically evaluate their assessment that they no longer exert significant influence over the investee company. • Recalculated the percentage equity interest in the investee company. • Inspected the documentation in relation to the shares sold in the year under review. • Recalculated the gain on sale of investment. • Obtained management's assessment of the fair value per share of the remaining share held as financial assets. Critically evaluated managements assumptions in the determination of fair value. • Recalculated the carrying value of the financial assets and the resulting gain on revaluation of financial assets. • Obtained managements calculation of the share of equity accounted losses up to the date that the company continued to exert significant influence over the investee company. • Traced the proceeds on the shares sold during the year to bank statements. • Assessed the adequacy of the related disclosures in relation to the investment in associate and the subsequent financial asset including fair value measurement disclosures.

Key Audit Matter	How our audit addressed this matter
Share Capital – Refer to Note 13 and Note24 in the financial statements.	
During the year under review, the Company has issued share capital of $2,208,713. As reflected in Note 24, additional share capital of $2,151,190 was issued subsequent to year end up to the ate of this report. We consider this to be a key risk due to the following reasons: • It is significant by virtue of the materiality of the transaction. • The additional share capital is a significant factor in consideration of the Group's ability to continue as a going concern.	Our audit procedures in relation to the share-based payments included the following: • Reconcile to share register and ASIC records to the Company's accounting records. • Review the movements in the share register and test that where applicable, the shares issued for cash could be traced to bank statements. • Verify that the subsequent event and going concern disclosures in relation to the capital raised subsequent to year end is consistent with the ASX announcements and could be traced to bank statements. • Review the adequacy of the disclosures included in the financial statements.

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 2024 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 Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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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

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 13 to 18 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Identitii Limited, for the year ended 30 June 2024, 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.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 27 September 2024

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Additional ASX Information

In accordance with ASX Listing Rule 4.10, the Directors provide the following information as at 19 September 2024.

Securities on issue

Type	Description	Number of Securities	Number of Holders
Listed - ID8	Fully Paid Ordinary Shares	650,607,540	1,950
Listed - ID8O	Options Exercisable at $0.08, Expiring 29 December 2024	5,210,834	136
Unlisted	Options Exercisable at $0.15, Expiring 21 October 2025	10,000,000	2
Unlisted	Options Exercisable at $0.25, Expiring 8 July 2024	2,000,000	2
Unlisted	Options Exercisable at $0.75, Expiring 1 August 2028	1,708,082	2
Unlisted	Employee Options	9,478,769	31
Unlisted	Employee Performance Rights	10,150,000	12

Substantial Holders

Identitii has the following substantial holders as disclosed in substantial holding notices given to the Company under the Corporations Act:

Name	Number of Votes	Voting Power %
Cameron Beavis	223,227,905	37.13
Fred Bart	31,240,240	7.31

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. No other securities on issue have voting rights.

Distribution of shareholders

Fully paid ordinary shares holding ranges	Holders	Number of shares	% of issued capital
1-1,000	56	15,080	0.000
1,001-5,000	326	1,047,226	0.160
5,001-10,000	343	2,630,518	0.400
10,001-100,000	819	31,978,278	4.920
100,001-9,999,999,999	406	614,936,438	94.520
Totals	**1,950**	**650,607,540**	**100.000**

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Distribution of Listed Option holders

Listed Option Holdings Ranges	Holders	Number of Options	% of Options on Issue
1-1,000	15	7,340	0.140
1,001-5,000	51	129,410	2.480
5,001-10,000	18	128,700	2.470
10,001-100,000	39	1,467,620	28.160
100,001-9,999,999,999	13	3,477,764	66.740
Totals	**136**	**5,210,834**	**100.000**

Marketable Parcels

Identitii has 1,276 shareholders holding less than a marketable parcel (i.e. less than $500 per parcel of shares) based on the closing price of AUD 0.011 on 19 September 2024 representing a total of 16,546,235 shares.

Restricted securities

Identitii does not have any restricted securities on issue.

On-Market Buy-Back

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

Twenty largest shareholders (ID8)

	Shareholder	Number of Shares held	% of issued capital
1	Beauvais Capital Pty Ltd <The Reginald Hector A/C>	201,215,390	30.927%
2	Link Traders (Aust) Pty Ltd	30,822,412	4.737%
3	O'Dwyer Technology Training Pty Limited <O'Dwyer Invest A/C>	27,000,000	4.150%
4	Mr Cameron Beavis <The Schindler S/F A/C>	22,012,515	3.383%
5	Mr Frederick Bart	21,669,740	3.331%
6	Bilgola Nominees Pty Limited	12,500,000	1.921%
7	Bart Superannuation Pty Limited <4F Investments Superfund A/C>	11,608,500	1.784%
8	Mr Steven Robert Heath <Heath Family S/F A/C>	10,000,000	1.537%
9	Mr Evan Philip Clucas & Ms Leanne Jane Weston <Kuranga Nursery Super A/C>	8,976,000	1.380%
10	Spark Plus Pte Ltd	7,500,000	1.153%
11	Pat Property Pty Ltd <Pat A/C>	6,829,837	1.050%

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12	Elorey Pty Ltd <Ramillies A/C>	6,096,824	0.937%
13	Netwealth Investments Limited <Super Services A/C>	5,532,525	0.850%
14	Citicorp Nominees Pty Limited	5,383,402	0.827%
15	Mr Timothy Graham Phillipps <Phillipps Family A/C>	5,087,606	0.782%
16	Hsbc Custody Nominees (Australia) Limited - A/C 2	5,023,604	0.772%
17	Bannaby Investments Pty Limited <Bannaby Super Fund A/C>	4,723,790	0.726%
18	Netwealth Investments Limited <Wrap Services A/C>	4,530,809	0.696%
19	Mr Sureshkumar Rajalingam	4,463,702	0.686%
20	Suparose Pty Ltd <Mclaran Super Fund A/C>	4,050,596	0.623%
Total Securities of Top 20 Holdings		405,027,252	62.254%
Total Securities		**650,607,540**	

Twenty Largest Listed Option Holders (ID8O)

	Option Holder	Number of Options held	%
1	O'Dwyer Technology Training Pty Limited <O'Dwyer Invest A/C>	842,500	16.168%
2	Bannaby Investments Pty Limited <Bannaby Super Fund A/C>	524,865	10.073%
3	Elorey Pty Ltd <Ramillies A/C>	397,652	7.631%
4	Mr Mathew Oliver & Mrs Ingbritt Amanda Oliver <Mioliver Superfund A/C>	250,000	4.798%
5	Pat Property Pty Ltd <Pat A/C>	250,000	4.798%
6	Mr Timothy Graham Phillipps <Phillipps Family A/C>	211,538	4.060%
7	Timarc Nominees Pty Ltd	200,000	3.838%
8	Bannaby Investments Pty Limited	194,829	3.739%
9	Mr Wern Chian Tye	150,000	2.879%
10	Mrs Pauline Mary Paolucci	125,000	2.399%
11	Citicorp Nominees Pty Limited	115,200	2.211%
12	Plutus Pty Ltd	110,616	2.123%
13	Mr Louis Alan Lardi	105,564	2.026%
14	Ms Clare Rhodes	100,000	1.919%
15	Erskinomics Consulting Pty Limited <Superannuation Fund Account>	91,718	1.760%
16	Market Capital Group Pty Ltd <Market Cap Super Fund A/C>	86,632	1.663%
17	Alex Harney Superannuation Pty Ltd <Alex Harney Family S/F A/C>	86,012	1.651%
18	Mr Wayne Philip Ward	81,536	1.565%
19	Mr Kenneth Charles Taylor	75,000	1.439%
20	Serenety Holdings Pty Ltd	75,000	1.439%

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Total Securities of Top 20 Holdings	4,073,662	78.177%
Total of Securities	**5,210,834**	

Corporate Directory

Directors
Timothy Phillipps, Chairperson
John Rayment, CEO
Rhyll Gardner
Simon Griffin

Company Secretary
Elissa Hansen

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NSW 2000

Solicitors
Law Squared
Level 13
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Securities Exchange Listing
Identitii Limited shares are
Listed on the Australian
Securities Exchange.
ASX Code: ID8

Share Registry
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Telephone: (02) 9290 9600

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Identitii Ltd

ABN: 83 603 107 044