

APPENDIX 4D STATEMENT

(Listing rule 4.2A.3)

IDENTITII LIMITED FINAL REPORT for the half-year ended 31 December 2020

Results for announcement to the market

	31 December 2020 \$	31 December 2019 \$	% change to prior year	
1. Revenues from ordinary activities	941,139	410,486	up	129%
2. Loss from ordinary activities after tax attributable to members	(2,225,763)	(4,131,697)	down	46%

Dividend information

3. Total dividend per ordinary share

No dividends were proposed for the interim period ending 31 December 2020 and 31 December 2019.

4. Record date for determining entitlements to the final dividend

Not applicable

5. Net tangible asset per security	31 December 2020 \$	31 December 2019 \$
Net tangible assets	5,049,360	1,623,139
	Number of shares	Number of shares
Total number of ordinary shares of the Company	137,680,455	54,518,799
Net tangible asset backing per ordinary security	\$0.04	\$0.03

This information should be read in conjunction with the 2020 Annual Financial Report and any public announcements made in the period by Identitii Limited in accordance with continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Director's report and the Interim Financial Report for the half-year ended 31 December 2020, which has been independently reviewed by RSM.



Identitii Limited
ABN 83 603 107 044
ASX:ID8

Interim Financial Report

For the half-year ended 31 December 2020





Identitii Limited
Interim Financial Report
For the half-year ended 31 December 2020

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Directors Report

Identitii Limited

For the half-year ended 31 December 2020

The Directors present their report together with the financial statements of the Group comprising Identitii Limited (the Company) and its subsidiaries for the half-year ended 31 December 2020 and the auditor's report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Directors

The Directors of the Company at any time during the half-year ended 31 December 2020 and up to the date of this report are:

Name and independence status	Period of directorship
Executive	
Mr. John Rayment <i>Chief Executive Officer</i>	
Non-Executive	
Mr. Steven James <i>Independent Non-Executive Director</i> <i>Chairman</i>	
Mr. Nicholas Armstrong <i>Non-Executive Director</i>	
Mr. Stephen Porges <i>Independent Non-Executive Director</i> <i>Chairman</i>	Appointed 1 February 2021 Resigned 3 February 2021

Principal activities

Identitii is an Australian Regulatory Technology (RegTech) company. Our belief is that if financial services businesses and regulators can securely and easily access information about financial transactions, it will dramatically reduce financial crime and increase financial inclusion.

We create the opportunity for the 40,000+ organisations in the global financial industry, to bridge the gap between increasing demands from customers and regulators for more information about financial transactions, and the legacy technology systems that make it hard to identify, collect and securely share that data.

What sets us apart is that our platform overlays the technology systems already in place, so our customers can increase automation, lower risk exposure, reduce the cost of compliance and improve visibility into financial crime compliance data, without the cost and risk associated with replacing legacy technology.

Directors Report

Identitii Limited

For the half-year ended 31 December 2020

Growth strategy

In 2020, Identitii announced a revision of our growth strategy. Today we are going to market with two core use cases that support this strategy, both of which are built on our core Overlay+ platform.

Overlay+ Reporting: A software platform that helps automate complete and accurate reporting to AUSTRAC. The platform makes it easy to know with certainty which transactions must be reported and increases automation to reduce operational costs and increase efficiency.

Overlay+ Request: A software platform that enables financial services businesses to securely request and share financial crime compliance information internally and with other organisations, including regulators. It solves a number of problems for financial institutions who are often using unsecure channels like email and fax to share sensitive data and documents. It forms the basis of our engagement with Mastercard and today we are also seeing particular traction in correspondent banking.

How is Overlay+ used in correspondent banking?

Cross-border payments are vital for economic development around the world and are expected to be worth US\$16 trillion by 2025. The bulk of these payments flow through correspondent banks, which are banks in one country that are authorised to receive deposits, exchange currency and make payments on behalf of another financial institution in another country.

Since 2011, the number of global banks accessing the global correspondent banking network has shrunk by 22%. The decline is partly due to a lack of trust between banks and the highly manual way financial institutions share information, both of which increase the risk of doing business, the operational burden and the cost of compliance.

Identitii's Overlay+ Request solution creates a secure network for correspondent banks, their customers and their customers to share information. Knowing where money they are moving is going and why, helps reduce the cost of compliance and lowers the risk of doing business, to keep correspondent banking channels open and money moving around the world.

Our growth strategy has five pillars:

1. Continue to service existing clients HSBC, Mastercard and HomeSend and grow these relationships;
2. Leverage AUSTRAC's public discussion of regulatory non-compliance to drive sales of Overlay+;
3. Introduce Overlay+ Request to large global financial institutions during conversations about Overlay+ Reporting, to accelerate sales;
4. Improve our core platform Overlay+ through ongoing innovation and product updates; and
5. Monetise other technology investments the Company has made over the past five years, which no longer fit into our core RegTech strategy.

Strategic highlights for the six months to 31 December 2020

New customer engagements

Identitii announced customer engagements with Mastercard and HomeSend in H1-FY21, both enabled by the Master Services Agreement (MSA) signed with Mastercard in August 2020. These engagements bring the total aggregate revenue agreed under the Mastercard MSA to \$1.9 million.

Mastercard will use Identitii's Overlay+ platform to enable the secure sharing of information over the Mastercard account-to-account network, to help streamline financial crime compliance in cross-border payments.

HomeSend, a global cross-border payments network that enables financial institutions to transfer money internationally, will use Identitii's Overlay+ platform to support the delivery of financial crime compliance information.

Directors Report

Identitii Limited

For the half-year ended 31 December 2020

Citi Mega FinTech accelerator

Identitii was selected as one of 12 finalists, out of over 3,500 applications, for an accelerator program run by Citi. The finals were held in November 2020 and Identitii was named the winner of the 'Client Centricity' category. The program allowed Identitii to increase brand awareness within Citi and to showcase how Overlay+ can solve specific problem statements for Citi's business.

Identitii wins global RegTech competition

Identitii won the Discover Pitch Perfect competition at Sibos in October 2020. The Company was recognised for how it is helping the world's largest correspondent banks to simplify financial crime compliance within their network of banking partners.

The competition was designed to help promote innovative FinTech and RegTech companies to more than 22,000 Sibos delegates representing 10,000 institutions from 212 countries and has resulted in multiple requests for more information about Identitii and Overlay+.

X15ventures invests in Identitii subsidiary, Payble

CBA New Digital Businesses Pty Ltd (x15ventures) and Identitii signed a Memorandum of Understanding (MOU) with Payble, a newly incorporated Identitii subsidiary, on 15 December 2020. Under the terms of the MOU, x15ventures will invest \$0.15 million to help complete an existing commercial trial.

Payble was founded by Identitii and Elliott Donazzan, previous Director of Innovation at Identitii and now Founder and CEO of Payble, to monetise previous investments made by Identitii that sit outside the Company's core RegTech strategy.

Identitii holds 87.5% of the issued capital in Payble and Elliott Donazzan owns the remaining 12.5%. John Rayment and Elliott Donazzan are Founding Directors of Payble.

Funding

During the period Identitii successfully raised a total of \$5.9 million with a further \$2.0 million raised in January 2021. This provides enough runway for the Company to operate into 2022 and puts it in the best possible position to deliver revenue growth for shareholders in 2021.

Revenue from customers was up 129% over the corresponding period last year (H1-FY20) and the Group remains focused on minimising operating expenses, which were down 27% on the same period last year.

Technology update

Patent protection

On 14 December 2020, Identitii was granted patent approval in the United States. The approval covers Identitii's global ecosystem for secure sharing of financial transaction information and is a key part of the Company's Intellectual Property (IP) protection strategy. The approval further increases Identitii's competitive advantage and defensibility, and potentially generates new revenue streams for the Company.

Identitii has also previously filed for patent protection in several other jurisdictions.

Identitii awarded ISO 27001 Certification

Identitii was awarded ISO 27001 information security certification, following a rigorous information security audit and risk assessment run by external auditors. Certification further validates our new RegTech go-to-market strategy and increases customer opportunities for Identitii, by demonstrating the Company has protocols in place to offer 100% cloud-based solutions, reducing time and resources required to deliver projects, and expanding the types of information Overlay+ can process.

Directors Report

Identitii Limited

For the half-year ended 31 December 2020

Technology update (continued)

ISO 27001 is the International Organisation for Standardisation's set of best practices that govern how companies obtain, use and manage information such as financial information, intellectual property, employee details or information provided by customers. Certification is awarded by external auditors following a rigorous information security audit and risk assessment that demonstrates an ongoing commitment to managing and protecting company and client data.

Review of operations

During the half-year ended 31 December 2020, the Group achieved the following milestones:

- On 24 July 2020, the Group confirmed it had successfully raised an additional \$1.9 million by placing 27.3 million Residual Shortfall Shares reserved per the Company's Entitlement Offer prospectus.
- On 24 August 2020, the Group announced it had signed a five year Master Services Agreement (MSA) with Mastercard International Incorporated (Mastercard).
- On 30 September 2020, the Group announced it was awarded ISO 27001 information security certification.
- On 24 November 2020, the Company went into a trading halt pending the completion of a placement to sophisticated and institutional investors. The placement was oversubscribed raising \$4.0 million in capital. On 3 December 2020 a total of 27.5 million shares were issued at \$0.146 per share.
- On 14 December 2020, the Company was awarded U.S. Patent Approval. The patent covers the Group's secure financial information sharing ecosystem.
- On 15 December 2020, the Company announced it had signed, alongside CBA New Digital Businesses Pty Ltd (x15ventures), a Memorandum of Understanding (MOU) with Identitii subsidiary Payble Pty Ltd (Payble). x15ventures invested \$0.150 million directly into Payble to help complete an existing trial.
- On 31 December 2020, the Group announced the closing of an oversubscribed share purchase plan (SPP). Following the end of the period, the Company issued a total of 13.7 million shares at \$0.146 per share to participating shareholders, raising an additional \$2.0 million in capital.
- On 31 December 2020, the Group announced the resignation of CFO, Margarita Claringbold.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the half-year ended 31 December 2020.

Events subsequent to reporting date

On 6 January 2021, the Company issued a total of 13.7 million shares at \$0.146 per share to participating shareholders under the SPP, raising a total of \$2.0 million.

On 1 February 2021, Trent Jerome joined the Group as CFO.

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors Report

Identitii Limited

For the half-year ended 31 December 2020

Events subsequent to reporting date (continued)

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 and forms part of the Directors' report for the half-year ended 31 December 2020.

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 half-year financial statements have been rounded to the nearest dollar.

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



Steven James
Chairman

Sydney
25 February 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Identitii Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

RSM

RSM AUSTRALIA PARTNERS



Gary Sherwood
Partner

Sydney, NSW
Dated: 25 February 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

Identitii Limited

For the half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue from contracts with customers	6	941,139	410,486
Research and development tax incentive		286,862	641,474
Government grants		297,607	-
Other income		12,726	-
Interest income		1,813	13,763
Total revenue and other income		1,540,147	1,065,723
Expenses			
Salaries and employee benefit expenses		1,243,481	1,601,501
Share based payments		386,300	480,246
Consultants fees		418,460	712,275
Advertising and marketing		43,669	142,956
Depreciation and amortisation		107,798	61,564
General expenses		610,768	322,727
Interest expense		34,570	23,060
Legal expenses		51,073	33,218
Office expenses		228,027	120,011
Travel and accommodation		6,439	99,529
Short-term lease payments		11,655	37,948
Impairment on trade receivables		28	(2,185)
Research and development expenses		630,243	1,564,570
Total expenses		3,772,511	5,197,420
Loss before income tax		(2,232,364)	(4,131,697)
Income tax expense	7	-	-
Loss for the period		(2,232,364)	(4,131,697)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		83,263	7,267
Total comprehensive loss for the period		(2,149,101)	(4,124,430)
<u>Loss for the period attributable to:</u>			
Owners of Identitii Limited		(2,225,763)	(4,131,697)
Non-controlling interests	13	(6,601)	-
		(2,232,364)	(4,131,697)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Identitii Limited

For the half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
<u>Comprehensive loss for the period attributable to:</u>			
Owners of Identitii Limited		(2,142,500)	(4,124,430)
Non-controlling interests		(6,601)	-
		(2,149,101)	(4,124,430)
Basic and diluted loss per share (cents)	8	(2.02)	(7.58)

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

Consolidated Statement of Financial Position

Identitii Limited
As at 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		5,020,609	1,411,309
Research and development tax incentive receivable		286,862	740,381
Trade receivables	6	69,052	43,702
Other receivables		153,503	186,343
Contract assets	6	24,500	66,500
Total current assets		5,554,526	2,448,235
Non-current assets			
Intangible assets		62,112	62,112
Property, plant and equipment	9	737,933	852,275
Total non-current assets		800,045	914,387
Total assets		6,354,571	3,362,622
Liabilities			
Current liabilities			
Trade and other payables		216,771	267,734
Employee provisions		362,343	668,468
Contract liabilities	6	4,848	44,545
Derivative financial liabilities	10	100,000	-
Borrowings and lease liabilities	11	152,771	848,930
Total current liabilities		836,733	1,829,677
Non-current liabilities			
Borrowings and lease liabilities	11	406,366	474,818
Total non-current liabilities		406,366	474,818
Total liabilities		1,243,099	2,304,495
Net assets		5,111,472	1,058,127
Equity			
Share capital	12	23,746,251	17,930,105
Share options reserve	15	4,096,536	3,710,236
Foreign currency translation reserve		90,387	7,124
Retained losses		(22,815,101)	(20,589,338)
Equity attributable to owners of the parent		5,118,073	1,058,127
Non-controlling interests	13	(6,601)	-
Total equity		5,111,472	1,058,127

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

Consolidated Statement of Changes in Equity

Identitii Limited

For the half-year ended 31 December 2020

	Note	Share capital	Share option reserve	Foreign currency translation reserve	Retained losses	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2020		17,930,105	3,710,236	7,124	(20,589,338)	-	1,058,127
Total comprehensive loss		-	-	83,263	(2,225,763)	(6,601)	(2,149,101)
Issue of ordinary share capital		6,003,197	-	-	-	-	6,003,197
Costs of equity raising		(187,051)	-	-	-	-	(187,051)
Equity-settled share based payments	15	-	386,300	-	-	-	386,300
Balance at 31 Dec 2020		23,746,251	4,096,536	90,387	(22,815,101)	(6,601)	5,111,472
Balance at 1 Jul 2019		16,261,495	2,584,528	(1,729)	(13,485,660)	-	5,358,634
Initial application of AASB 16		-	-	-	(29,199)	-	(29,199)
Adjusted balance at 1 Jul 2019		16,261,495	2,584,528	(1,729)	(13,514,859)	-	5,329,435
Total comprehensive loss		-	-	7,267	(4,131,697)	-	(4,124,430)
Share options forfeited	15	-	(153,794)	-	-	-	(153,794)
Equity-settled share based payments	15	-	634,040	-	-	-	634,040
Balance at 31 Dec 2019		16,261,495	3,064,774	5,538	(17,646,556)	-	1,685,251

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

Consolidated Statement of Cash Flows

Identitii Limited

For the half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Receipts from customers		936,479	432,455
Receipts from government grants and tax incentives		1,030,881	1,205,915
Payments to suppliers and employees		(3,357,904)	(4,517,976)
Cash flow utilised in operations		(1,390,544)	(2,879,606)
Interest received		3,183	14,386
Interest and other costs of finance paid		(2,769)	(18,209)
Total cash flows from operating activities		(1,390,130)	(2,883,429)
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(16,027)
Proceeds from disposal of property, plant and equipment		-	1,840
Acquisition of intangible assets		-	(62,112)
Total cash flows from investing activities		-	(76,299)
Cash flows from financing activities			
Proceeds from the issue of shares		5,923,197	-
Transaction costs related to issue of shares		(291,746)	-
Repayment of borrowings and leases		(650,656)	(47,300)
Transaction costs related to borrowings and leases		(49,500)	-
Other financing cash flows	10	100,000	-
Total cash flows from financing activities		5,031,295	(47,300)
Net increase / (decrease) in cash held		3,641,165	(3,007,028)
Opening cash balance		1,411,309	4,120,380
Effect of movement in exchange rates		(31,865)	(5,445)
Closing cash balance		5,020,609	1,107,907

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

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

1. Reporting entity

Identitii Limited (the Company) is a Company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:ID8). The registered office and principal place of business is Level 2, 129 Cathedral Street, Woolloomooloo, NSW 2011.

These consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Identitii Limited as at 31 December 2020 and the results of all subsidiaries for the period then ended. Identitii Limited and its subsidiaries together are referred to in these financial statements as the Group.

The Group is a for profit entity and is primarily involved in developing and licensing enterprise software for regulated entities. Its main product Overlay+ is a platform that helps reduce regulatory risk, without replacing technology systems.

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

2. Basis of preparation

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit orientated entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Going concern

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

The statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020 reflects a loss after income tax of \$2,232,364 whilst the statement of cash flows reflects total cash outflows from operating activities of \$1,390,130 and a closing cash balance of \$5,020,609.

The directors conclude there are reasonable grounds to believe that the Group will continue to be able to pay its debts as and when they become due and payable for a period of no less than 12 months from the date of signing this financial report and that the preparation of the 31 December 2020 half-year financial report on a going concern basis is appropriate.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

2. Basis of preparation (continued)

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

3. Significant accounting policies

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

3. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. Key estimates and judgements

Derivative financial liability

Included in Note 10 is funding received in relation to a Simple Agreement for Future Equity (SAFE) Note. There is significant judgement included in determining whether the convertible note is a hybrid, compound, equity or debt instrument. The directors have exercised their judgement in determining that the funding is a single instrument being a derivative financial liability on the basis that the instrument does not meet the "fixed for fixed" test. Having determined that the instrument is a derivative financial instrument, it is a requirement that the instrument be carried at fair value through profit or loss. To this extent there is significant estimation uncertainty in relation to the determination of the fair value debt instrument. Management has exercised their judgement in determining that the fair value of the derivative financial liability has not changed significantly from its initial value.

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.

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

Operating segment information

For the half-year ended 31 December

	Enterprise Software Development and Licensing	
	2020	2019
	\$	\$
Sales to external customers	941,139	410,486
Other revenue and income	597,195	641,474
Total segment revenue and income	1,538,334	1,051,960
Unallocated:		
Interest income	1,813	13,763
Total revenue and other income	1,540,147	1,065,723

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

5. Operating segments (continued)

Operating segment information

For the half-year ended 31 December

	Enterprise Software Development and Licensing	
	2020	2019
	\$	\$
EBITDA	(2,091,809)	(4,060,836)
Depreciation and amortisation	(107,798)	(61,564)
Interest revenue	1,813	13,763
Interest expense	(34,570)	(23,060)
Loss before income tax	(2,232,364)	(4,131,697)
Income tax expense	-	-
Loss for the period	(2,232,364)	(4,131,697)
 Segment assets	 6,354,571	 3,216,181

Geographic information

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

	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue from contracts with customers		
Asia	380,211	320,486
Australia	192,750	90,000
United States of America	368,178	-
	941,139	410,486

Revenue is based on the location of the customer. Refer to Note 6 for further detail on major customers, products and services.

	31 Dec 2020	30 Jun 2020
	\$	\$
Location of non-current assets		
Australia	800,045	914,387
Other	-	-
	800,045	914,387

Non-current assets include intangibles, property, plant and equipment and leased assets.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

6. Revenue

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

i. Performance obligations and revenue recognition policies

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

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

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

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

Product and services	Nature and timing of satisfaction of performance obligations
Licence fees	The contracts require the Group to undertake maintenance and software enhancement activities throughout the licence period that significantly affects the intellectual property (IP) to which the customers have rights. The nature of the Group's performance obligation in granting a licence is regarded as a right to access the IP and thus the Group recognises licence fee revenue over time. Licence fee revenue is recognised in equal monthly instalments from the date the licence is first transferred and for the term of the contract. The licence fee is a fixed annual fee as specified in the contract. There remains \$477,575 in relation to contracted licence fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2020.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

6. Revenue (continued)

Product and services	Nature and timing of satisfaction of performance obligations
Maintenance fees	Maintenance (software, equipment and hosted services maintenance) is to be provided to customers on an ongoing basis from the date the licence is first transferred and throughout the term of the contract. The maintenance fee is a fixed annual fee as specified in the contract. Under AASB 15, the performance obligation to provide maintenance services is first met upon transfer of the licence and is ongoing throughout the term of the contract. The total maintenance fee revenue to be billed under the contract is recognised in equal monthly instalments over time from the date the licence is first transferred. There remains \$nil in relation to contracted maintenance fees for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2020.
Usage fees	Usage fee revenue is determined by the number of successful transactions (as defined in the contract) and is based on information provided to the Group by the customer. Usage fees are recognised only when the later of the usage occurs and the licence fee obligation has been satisfied. Usage fees are variable fees and may be subject to an annual cap as specified in the contract. The Group recognises usage fee revenue over time based on when the usage occurs.
Professional services (including setup, training and other support costs)	Professional services include setup, training and support costs as well as individual customisation projects that are separate and distinct performance obligations. The Group recognises revenue at a point in time based on time and materials incurred in delivering the product and services to its customers as per the terms and prices specified in the contract. Invoices are generated on confirmation of product and service delivery and revenue is recognised at that point in time. There remains \$221,980 in relation to contracted professional services for which no revenue or deferred revenue has been recognised as the performance obligations have not been met as at 31 December 2020.

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.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

6. Revenue (continued)

Warranties, returns and refunds

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

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

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

ii. Disaggregation of revenue

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

<i>For the half-year ended 31 December</i>	Enterprise Software Development and Licensing	
	2020	2019
	\$	\$
Nature of product and service		
Licence and usage fees	112,061	87,046
Maintenance fees	9,696	8,923
Professional services	819,382	314,517
Revenue from contracts with customers	941,139	410,486

iii. Contract balances

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

	31 Dec 2020	30 Jun 2020
	\$	\$
Trade receivables	69,052	43,702
Contract assets	24,500	66,500
Contract liabilities	(4,848)	(44,545)

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

6. Revenue (continued)

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:

	31 Dec 2020	30 Jun 2020
	\$	\$
Contract assets		
Opening balance 1 Jul	66,500	-
Additions	68,000	66,500
Transfer to trade receivables	(110,000)	-
Closing balance	24,500	66,500

	31 Dec 2020	30 Jun 2020
	\$	\$
Contract liabilities		
Opening balance 1 Jul	44,545	34,425
Payments received in advance	204,750	87,941
Transfer to revenue – in opening balance	-	(34,425)
Transfer to revenue – other balances	(244,447)	(43,396)
Closing balance	4,848	44,545

No information has been provided about remaining performance obligations at 31 December 2020 that have an original expected duration of one year or less, as allowed by AASB 15.

7. Income tax expense

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

8. Loss per share

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

	31 Dec 2020	31 Dec 2019
	\$	\$
Loss for the period attributable to owners of Identitii Limited	(2,225,763)	(4,131,697)
<u>Weighted-average number of ordinary shares</u>		
Issued ordinary shares at 1 Jul	81,778,198	54,518,799
Effect of shares issued during the year	28,316,261	-
Weighted-average number of ordinary shares at 31 Dec	110,094,459	54,518,799
Basic and diluted loss per share (cents)	(2.02)	(7.58)

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

8. Loss per share (continued)

Share based payment options have not been included in the calculation of diluted loss per share as these are considered anti-dilutive as at 31 December 2020 and 31 December 2019.

9. Property, plant and equipment

Reconciliation of carrying amount

	Right-of-use asset	Office fit out	Computer equipment	Office equipment	Total
	\$	\$	\$	\$	\$
Cost					
Balance at 1 Jul 2019	774,563	351,024	83,461	41,935	1,250,983
Additions	-	-	18,608	-	18,608
Disposals	-	-	(1,879)	(2,636)	(4,515)
Balance at 30 Jun 2020	774,563	351,024	100,190	39,299	1,265,076
Balance at 1 Jul 2020	774,563	351,024	100,190	39,299	1,265,076
Disposals	-	-	(3,999)	-	(3,999)
Balance at 31 Dec 2020	774,563	351,024	96,191	39,299	1,261,077
Accumulated depreciation					
Balance at 1 Jul 2019	118,336	38,765	25,053	4,766	186,920
Depreciation	129,080	58,504	31,291	8,100	226,975
Disposals	-	-	(568)	(526)	(1,094)
Balance at 30 Jun 2020	247,416	97,269	55,776	12,340	412,801
Balance at 1 Jul 2020	247,416	97,269	55,776	12,340	412,801
Depreciation	65,070	29,492	14,968	3,950	113,480
Disposals	-	-	(3,137)	-	(3,137)
Balance at 31 Dec 2020	312,486	126,761	67,607	16,290	523,144
Carrying amounts					
At 1 Jul 2019	656,227	312,259	58,408	37,169	1,064,063
Balance at 30 Jun 2020	527,147	253,755	44,414	26,959	852,275
Balance at 31 Dec 2020	462,077	224,263	28,584	23,009	737,933

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

10. Derivative financial liabilities

	31 Dec 2020	30 Jun 2020
	\$	\$
SAFE Note – Payble Pty Ltd	100,000	-

During the period the Company signed, alongside x15ventures, an MOU with newly incorporated subsidiary Payble Pty Ltd (Payble).

On 22 December 2020, under the terms of the MOU, x15ventures invested \$100,000 directly into Payble to help complete an existing trial. The \$100,000 is governed by a SAFE Note which gives x15ventures the opportunity to participate in future equity financing events, subject to certain conditions.

The initial value of the SAFE Note is deemed by management to be a reasonable approximation of its fair value as at 31 December 2020.

11. Borrowings and lease liabilities

	31 Dec 2020	30 Jun 2020
	\$	\$
Current liabilities		
Borrowings (i)	20,000	722,500
Lease liabilities (ii)	132,771	126,430
	152,771	848,930
Non-current liabilities		
Lease liabilities (ii)	406,366	474,818
	559,137	1,323,748

i. Borrowings

Borrowings at the end of the period were as follows:

	31 Dec 2020	30 Jun 2020
	\$	\$
Director loan - John Rayment	20,000	100,000
R&D finance loan - Radium Capital	-	622,500
	20,000	722,500

On 17 March 2020 the Group received a loan of \$100,000 from John Rayment. This loan is for 12 months, interest free and will convert to equity at \$0.07 per share as approved by shareholders. During the period 1,142,857 shares were issued to John Rayment in partial settlement of this loan.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

11. Borrowings and lease liabilities (continued)

On 1 April 2020 the Group received a \$600,000 loan facility with Radium Capital that was secured against the R&D tax incentive cash refund expected to be received in relation to eligible R&D expenditure incurred. The interest rate on the loan principal was 1.25% per month. This loan was settled in full on 29 July 2020.

ii. Lease liabilities

Lease liabilities were recognised on transition to AASB 16 *Leases*. Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease payments
<i>For the period ended 31 December (\$)</i>	2020	2020	2020
Less than one year	159,560	26,789	132,771
Between one and five years	437,782	31,416	406,366
	597,342	58,205	539,137

12. Share capital

	Ordinary shares			
	31 Dec 2020		30 Jun 2020	
	\$	Number of shares	\$	Number of shares
In issue at beginning of the period	17,930,105	81,778,198	16,261,495	54,518,799
Issued for cash, net of costs of equity	1,832,720	27,259,400	1,668,610	27,259,399
Issued in settlement of Director loan	80,000	1,142,857	-	-
Issued for cash, net of costs of equity	3,903,426	27,500,000	-	-
In issue at end of the period – authorised, fully paid and no par value	23,746,251	137,680,455	17,930,105	81,778,198

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 24 July 2020, as part of the entitlement issue, the Board approved the issue of 27,259,400 ordinary shares in the Company at a price of \$0.07 per share.

On 17 November 2020, the Company issued 1,142,857 shares at \$0.07 per share to John Rayment in partial settlement of his loan.

On 3 December 2020, as part of a placement to institutional investors, the Board approved the issue of 27,500,000 ordinary shares in the Company at a price of \$0.146 per share.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

12. Share capital (continued)

Nature and purpose of reserves

The share option reserve comprises the cost of the Company shares issued under the Group's share based payment plans. Refer to Note 15.

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

13. Non-controlling interest

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

NCI percentage	Payble Pty Ltd	
	12.5%	
	31 Dec 2020	31 Dec 2019
	\$	\$
Current assets	65,996	-
Current liabilities	118,802	-
Net liabilities	52,806	-
Net liabilities attributable to NCI	6,601	-
Loss after tax	52,806	-
Total comprehensive loss	52,806	-
Loss allocated to NCI	6,601	-
Other comprehensive loss allocated to NCI	6,601	-
Cash flows from operating activities	(5,136)	-
Cash flows from investing activities	1,372	-
Cash flows from financing activities	12,500	-
Net increase in cash and cash equivalents	8,736	-

14. Related parties

Transactions with key management personnel

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.

A number of these entities transacted with the Group during the period. The terms and conditions of the transactions with KMP and their related parties were 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.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

14. Related parties (continued)

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

Transactions (\$)	Note	Transaction values for half-year ended 31 Dec		Balance outstanding as at 31 Dec	
		2020	2019	2020	2019
Loan to Director – Nicholas Armstrong	(i)	-	-	-	10,320
Loan from Director – John Rayment	(ii)	80,000	-	20,000	-

(i) An unsecured loan with no interest and no fixed terms of repayment was advanced to Nicholas Armstrong. This loan was written off in May 2020 as part of Nicholas Armstrong's resignation as CEO. This loan was included in other receivables in the statement of financial position in the prior year.

(ii) An unsecured loan with no interest and a 12 month repayment term was advanced from John Rayment to the Company in March 2020. \$80,000 of this loan was converted to equity (1,142,857 shares at \$0.07 per share) during the period, as approved by shareholders at the AGM. Refer to Note 12 for further details.

15. Share based payment arrangements

For the half-year ended 31 December 2020, the Group recognised a share based payment expense of \$386,300 in the statement of profit or loss (31 Dec 2019: \$480,246) under the following share based payment arrangements.

		Share options			
		31 Dec 2020		30 Jun 2020	
		\$	Number of options	\$	Number of options
Director options	(i)	452,550	8,358,082	157,022	358,082
Canaccord options	(ii)	992,485	1,950,000	992,485	1,950,000
Gleneagle options	(ii)	165,740	5,000,000	165,740	5,000,000
Equity incentive plan	(iii)	2,485,761	4,920,627	2,394,989	4,994,738
In issue at end of the year		4,096,536	20,228,709	3,710,236	12,302,820

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

15. Share based payment arrangements (continued)

a) Description of share based payment arrangements

(i) Share options issued to Directors

Michael Aston (equity settled)

On 28 June 2018, Michael Aston was granted 400,000 share options at an exercise price of \$0.75 per share in his capacity as Director of the Company. 25% of the options vested immediately on issue with the remaining 75% to vest in equal annual tranches over two years. On termination of his employment with the Company in March 2020, 41,918 share options were forfeited with the remaining options vesting immediately.

The fair value of share options granted to Michael Aston have been measured using the Black-Scholes model. A share based payment expense of \$nil in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2020.

John Rayment (equity settled)

On 21 October 2020, John Rayment was granted 8,000,000 share options at an exercise price of \$0.15 per share in his capacity as Director of the Company. The share options vest in four equal instalments from grant date pending specific service, performance and market conditions being met as follows:

- (a) 2,000,000 share options vest in four equal annual tranches of 500,000 options each, commencing 1 July 2021, subject to continued service with the Company;
- (b) 2,000,000 share options vest when the Group records revenue of at least \$5 million in the preceding twelve month period;
- (c) 2,000,000 share options vest when the Group records revenue of at least \$10 million in the preceding twelve month period; and
- (d) 2,000,000 share options vest when the Company's closing share price on the ASX is at or above \$0.46 per share for twenty consecutive trading days.

The fair value of the options (a) – (c) have been measured using a Binomial Model whilst the fair value of the options in (d) have been measured using a Monte Carlo Simulation. A share based payment expense of \$295,528 in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2020.

(ii) Share options issued to supplier of services

Canaccord Genuity (Australia) Limited (equity settled)

On 17 October 2018, the Company issued 1,950,000 share options to Canaccord Genuity (Australia) Limited (Canaccord) in consideration for corporate advisory services to be provided in connection with the Group's ongoing capital markets strategy. The options vested immediately and were subject to a mandatory escrow of 24 months commencing from the date of issue. The options expire on 1 July 2021.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of \$nil in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2020.

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

15. Share based payment arrangements (continued)

Gleneagle Securities (Aust) Pty Ltd (equity settled)

On 13 May 2020, the Company issued 5,000,000 share options at an exercise price of \$0.10 per share to Gleneagle Securities (Aust) Pty Ltd (Gleneagle) in consideration for underwriting services provided in connection with the Group's entitlement issue. The options vested immediately and expire on 13 May 2022.

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of \$nil in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2020.

(iii) Equity Incentive Plan (equity settled)

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

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

The fair value of share options granted have been measured using the Black-Scholes model. A share based payment expense of \$90,772 in relation to these options has been recognised in the statement of profit or loss for the period ended 31 December 2020.

The terms and conditions of share options granted under the EIP as at 31 December 2020 are as follows.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
Nicholas Armstrong (6 July 2018)	1,350,000	3 years ⁽¹⁾	10 years
Key management (1 August 2018)	1,250,000	10% upfront, 3 years ⁽²⁾	10 years
Key management (2 October 2018 – 31 December 2019)	3,250,000	3 years ⁽¹⁾	4 years
Consultant (1 January 2019)	200,000	2 years ⁽³⁾	4 years
Key management (18 March 2019)	200,000	4 years ⁽⁴⁾	5 years
Share options issued	6,250,000		
Forfeited	(1,329,373)		
Share options on issue as at 31 December 2020	4,920,627		

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

15. Share based payment arrangements (continued)

- (1) **3 year equity incentive plan** – share options vest in equal annual instalments over 3 years from grant date
- (2) **3 year equity incentive plan** – 10% of share options vest immediately on grant date with the remaining 90% of share options held vesting in equal annual instalments over 3 years from grant date
- (3) **2 year equity incentive plan** – share options vest in equal annual instalments over 2 years from grant date
- (4) **4 year equity incentive plan** – share options vest in 3 equal instalments from grant date pending specific performance hurdles being. Share option vesting has been estimated at 4 years.

b) Measurement of grant date fair values

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

	<i>John Rayment (Director)</i>			
	(a)	(b)	(c)	(d)
Fair value at grant date	\$0.1319	\$0.1319	\$0.1319	\$0.1186
Share price at grant date	\$0.1950	\$0.1950	\$0.1950	\$0.1950
Exercise price	\$0.1500	\$0.1500	\$0.1500	\$0.1500
Expected volatility ⁽¹⁾	70 – 90%	70 – 90%	70 – 90%	70 – 90%
Contractual life of options (years)	5	5	5	5
Expected dividends	Nil	Nil	Nil	Nil
Risk free rate ⁽²⁾	0.32%	0.32%	0.32%	0.32%
Valuation method	Binomial	Binomial	Binomial	Monte Carlo

The expiry date of the options is 20 October 2025.

- (1) **Expected volatility** is a measure of the amount by which a share price is expected to fluctuate during a period and is based on the historic share price volatility of the Company up to the Grant Date.
- (2) **Risk free rate** is the yield available on Commonwealth Government bonds with a term comparable to the likely term of the options.

16. Fair value measurements

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

Notes to the Consolidated Financial Statements

Identitii Limited

For the half-year ended 31 December 2020

17. Subsequent events

On 6 January 2021, the Company issued a total of 13.7 million shares at \$0.146 per share to participating shareholders under the SPP, raising a total of \$2.0 million.

On 1 February 2021, Trent Jerome joined the Group as CFO.

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Directors' Declaration

Identitii Limited

For the half-year ended 31 December 2020

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 9 to 30 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors draw attention to Note 2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



Steven James
Chairman

Sydney
25 February 2021

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IDENTITII LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Identitii Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Identitii Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Yours faithfully

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

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'G N Sherwood', with the initials 'GNS' written to the right.

G N SHERWOOD
Partner

Sydney, NSW
Dated: 25 February 2021



Identitii Limited
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