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ASX ANNOUNCEMENT

29 February 2024

1HFY24 Results – Setting The Foundations For Growth

Melbourne, Australia – Opyl Limited (ASX:OPL) today announced its half-year financial results for the six months ended 31 December 2023 (1HFY24).

Key highlights

- $244k in sales revenue achieved for 1HFY24, in line with PCP performance (1HFY23 revenue: $253k), supported by a further $530k received in R&D tax rebate incentive
- Re-set senior leadership team with the appointment of Saurabh Jain as interim CEO, Dr Hugo Stephenson as Head of Opin, and Mark Simari and Antanas Guoga to the Board as Non-Executive Directors
- Achieved significant milestones for Opyl's AI platform, TrialKey, including completion of core technology development, expansion of data set and features, improvements to accuracy and establishing go-to-market strategy. Note subsequent to the period, TrialKey was officially launched to the public
- Strategically transitioned Opin to focus on recurring revenues versus once-off bespoke project revenues, resulting in signing of a $145k contract with GSK under its existing MSA and new strategic partnerships signed with Bowel Cancer Australia and Scleroderma Australia
- Strengthened Balance Sheet, raising a total of $1.1m (before costs), comprising a Placement and short-term loan totalling $0.5m in July 2023 and a Placement of $0.6m in December 2023. Note in December 2023, Opyl launched an entitlement offer and subsequent to the period, successfully raised a further $1.4m (before costs) providing a strong platform for growth

Financials

Opyl recognised revenue of $244k for 1HFY24, approximately in line with the prior comparable period (PCP) (1HFY23: $253k). The result reflected the strategic decision to transition Opin towards targeting global pharmaceutical clinical trial sponsors with opportunities for portfolio-wide recruitment, typically involving longer sales cycles.

In line with the updated strategy, Opyl secured a $145k contract under its existing MSA with GlaxoSmithKline (GSK) and secured two partnerships with Bowel Cancer Australia and Scleroderma Australia. Importantly, subsequent to the period, Opin signed a $282k contract with Medtryx – a contract value 2.5x the prior average Opin contract, demonstrating the effectiveness of its new go-to-market approach and growing sales pipeline.

During the period, Net Loss after Tax was $1.3m, an increase of $0.7m on PCP, primarily attributable to increases in non-cash share incentive payments relating to new executive appointments and related finance costs. Excluding the non-cash share incentive payments, the adjusted Net Loss after Tax was $579k, up $57k on PCP (1HFY23: $521k). This was primarily driven by increased costs relating to the appointment of Mr Saurabh Jain (Interim CEO) and

Dr Hugo Stephenson (Head of Opin), increases in R&D costs in line with the continued technology development and commercialisation work related to the launch of Opyl's AI platform, TrialKey which were offset by a significant reduction in administration costs. Note the increase in expenses listed above will be partially offset by a corresponding R&D tax rebate in the future.

Strengthening its Balance Sheet, Opyl raised $0.5m in July 2023, comprising a Placement of $0.2m and a short-term loan of $0.3m. Additionally, in December 2023, the Company raised $0.5m in a further Placement and launched an Entitlement Offer to raise up to $1.4m. Note subsequent to the period, Opyl completed its Entitlement Offer, successfully raising $1.4m (before costs).

The Company held cash of $585k as at 31 December 2023, which together with the $1.4m (before costs) funds received subsequent to the period, provides sufficient runway to achieve flagship revenues for TrialKey and manage extended sales cycles to achieve recurring revenue growth in Opin.

Saurabh Jain, CEO of Opyl said:

"Our half-year results reflect the significant investment we have made towards readying our two platforms – TrialKey and Opin – for growth.

Our focus has been on improving and preparing the TrialKey platform for launch and subsequent scale. Enabling this, we improved the platform's UX/UI, enhanced our already market leading AI accuracy, feature-set and database of clinical trials. We expect this investment to yield benefits in the near-term, noting the exciting announcement of TrialKey's launch in January 2024. Our focus is now on converting our growing pipeline of free-trial users to revenue.

In line with our revised Opin strategy, our focus on portfolio-wide recruitment is beginning to bear fruit – evident in our new contract with GSK and two significant partnerships with Bowel Cancer and Scleroderma Australia – all underpinning future revenue opportunities for the business. Pleasingly and as testament to the strategy, the Medtryx contract signed in January was materially larger than what we have been able to achieve previously with Opin.

With a successful capital raising behind us, an extended cash runway ahead and a leadership team highly motivated to drive growth, we look forward to updating the market with some exciting developments in the near future".

TrialKey

Opyl achieved significant technological and commercial milestones for TrialKey in the period. Following completion of core technology development to minimum viable product (MVP), the Company continued to make improvements to the AI platform in line with feedback from early users and subject matter experts. Key technology progress during the period included:

- Expansion of TrialKey's AI model training data set to >40,000 clinical trials
- Expanded feature analysis from 150 to 500 features
- UX/UI enhancements to target the platform for initial use cases
- Improved Area under the Curve (AUC) accuracy from 0.84 to 0.89
- Enhanced recall accuracy to 88%

Ahead of the platform launch in January 2024, Opyl worked to prepare an effective go-to-market strategy for TrialKey, leveraging industry and subject matter experts to determine two initial target markets – clinical trial designers and life science investors.

In January 2024, Opyl officially launched TrialKey to the public with the support of targeted marketing focused towards clinical trial designers. Management is now focused on converting free-trial users to revenue. The free trial model has enabled warm introductions to a range of compelling and potential fee-paying enterprise customers.

Subsequent to the period, OPL made further development progress in TrialKey, expanding the AI model training data set to include over 130,000 clinical trials and adding more than 200 additional unique features. These new features allow TrialKey to offer stronger insights on the potential impact of medications, procedures, and treatment plans on patients, including:

- Incorporation of ingestion methods such as radiation, topical application, oral consumption and intravenous into predictive modelling
- Types of hypotheses studied driving stronger correlation between trial design and outcomes
- Mechanisms of medical intervention, including immunomodulation and inflammation control
- Broader categorisation of technologies used in clinical trials, such as therapeutics, immunotherapies, and monoclonal antibodies

These features have a strong correlation with outcome predictability, which has resulted in an increase in TrialKey's overall accuracy from 88% to over 90% subsequent to the period.

Moving forward, management is focused on enhancing TrialKey for scale. This will include incorporating observational trials into the underlying dataset and enhanced capability to provide insights that detail a selected trial's history, sponsors, investigators, sites and similar trials in the same phase and condition. Additionally, management intends to add further context to trial outcomes in the TrialKey platform, providing further information on number of trials, successful outcomes, enrolments, and adverse events leading to a selected result.

Opin

Opin continued to focus on expanding its partner relationships to include strategic community management networks, consistent with its strategy update announced in 2023.

Opin secured a $145k contract with GlaxoSmithKline (GSK) under its existing MSA and partnered with Bowel Cancer Australia and Scleroderma Australia. The strategic partnerships are instrumental to Opin's growth prospects, which looks to unlock opportunities within the broader healthcare community compared with targeting just-in-time, once-off recruitment projects.

These partnerships present opportunities to drive recurring recruitment revenues across the landscape of bowel cancer and scleroderma clinical trials and candidate populations.

New leadership appointed

The Company announced changes to its senior leadership team to drive growth in Opin and commercialisation of TrialKey in the period.

Mr Saurabh Jain was appointed interim Chief Executive Officer, bringing over 25 years of experience across ASX boards and private companies. Since joining Opyl, Saurabh has overseen the commercialisation and go-to-market strategy for TrialKey, driving significant improvements in functionality, accuracy and brand awareness – resulting in the recent public launch of the revenue-ready platform.

Dr Hugo Stephenson was appointed Head of Opin, following his earlier appointment as Strategic Advisor to the Board. Since joining Opyl, Dr Stephenson has streamlined Opin's operations, including leading its updated strategy and deepening engagement with patient advocacy and community management groups.

Opyl appointed Tony Guoga and Mark Simari to the Board as Non-Executive Directors during the period, both bringing significant technology, healthcare and seasoned Board experience to the Company.

Outlook

Opyl is excited by the opportunity presented for 2024. With a strong cash position, experienced and motivated leadership team in place, new strategy beginning to demonstrate results for Opin, and TrialKey now publicly available and ready to generate revenue, the Company is well positioned for growth.

The Board has authorised this announcement for release to the ASX.

-ENDS-

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About Opyl Limited

Opyl is a new generation Australian digital health company that applies artificial intelligence to improving clinical trials and predicting outcomes. Our platforms provide targeted insights that make clinical trials more efficient and easier to access, giving patients more options and saving medical researchers time and money. Our key offering for biopharma, medtech, government and healthcare organisations are Opin.ai (clinical trial recruitment solutions) and Trial Key (clinical trial predictive analytics and protocol design).

Opyl Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Opyl Limited
ABN:	71 063 144 865
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	3.7%	to	243,688
Loss from ordinary activities after tax attributable to the owners of Opyl Limited	up	105.7%	to	(1,276,301)
Loss for the half-year attributable to the owners of Opyl Limited	up	105.7%	to	(1,276,301)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $1,276,301 (31 December 2022: $620,390).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.07)	(0.53)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the half-year report.

8. Attachments

Details of attachments (if any):

The half-year report of Opyl Limited for the half-year ended 31 December 2023 is attached.

9. Signed

Signed ______________________ Date: 29 February 2024

Mark Ziirsen
Non-Executive Chair

Opyl Limited

ABN 71 063 144 865

Half-year report - 31 December 2023

Opyl Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity for the half-year ended 31 December 2023.

Directors

The following persons were directors of Opyl Limited during the whole of the financial half-year and up to the date of this report unless otherwise stated:

Mark Ziirsen - Chair and Non-Executive Director
Damon Rasheed - Executive Director
Megan Robertson - Non-Executive Director (Resigned 4 September 2023)
Antanas Guoga - Non-Executive Director (Appointed 4 September 2023)
Mark Simari - Non-Executive Director (Appointed 4 September 2023)

Principal activities

Opyl is a new generation Australian digital health company that applies artificial intelligence to improving clinical trials and predicting outcomes. Our platforms provide targeted insights that make clinical trials more efficient and easier to access, giving patients more options and saving medical researchers time and money. Our key offering for biopharma, medtech, government and healthcare organisations are Opin.ai (clinical trial recruitment solutions) and TrialKey (clinical trial predictive analytics and protocol design).

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,276,301 (31 December 2022: $620,390).

The cash position at the end of the half-year ended 31 December 2023 was $584,707. Whilst revenues were mildly lower (3.7%) during the half-year period against the 31 December 2022 comparative period, management expectations are that revenue for FY2024 will close stronger based on year-to-date committed engagements as a comparison to the prior financial year of FY2023.

Operational Progress

The operating loss for the period of $1,276,301 was marking a notable deterioration in comparison to the prior period, being $620,390 (105.7%) primarily as a result of non-cash share incentive based payments relating to new executive incentives ($297,137 compared to $99,134 in the prior period) and finance costs ($400,500) that were $598,503 higher than in the prior period.

Excluding the non-cash share based payments the adjusted loss before income tax expense for the period was $578,664 compared to $521,256 in the prior period, an adjusted increase of $57,408. The key drivers of this variance are outlined below:

- Government incentives of $530,581 that were $76,123 (12.5%) lower than the prior period.
- The increase in consulting contractor costs by $166,394 (383.6%) are attributable to the engagement of Interim CEO, Mr Saurabh Jain, Head of Opin, Dr Hugo Stephenson and expenditure in relation to investor relations.
- R&D costs were up by $47,225 (62.8%) in line with the continued and planned investment in TrialKey.
- These increases were partially offset by a reduction in administration costs, which decreased by $226,473 (48.5%).

During the period, the Group successfully completed two placements, raising cash proceeds of $217,500 and $576,000 respectively before costs.

The Group further strengthened its cash flow through securing of a $300,000 short-term bridging loan facility ($150,000 of the bridging loan was received in FY23) from a consortium of lenders that also participated in the first placement that converted the bridging loan to ordinary shares following shareholder approval at Opyl's FY2023 Annual General Meeting (AGM) held in November 2023.

The successful share placements, the bridging loan facility (converted to shares) and receipt of R&D incentive, strengthening the balance sheet and vitally extending the cash runway into the next calendar year.

In November, Mr Saurabh Jain joined the company as Interim CEO to lead the company. In this role, Mr Jain is tasked with overseeing and driving the launch of Opyl's new predictive analytics and insights platform, TrialKey, and continuing to support the Opin business as it executes on its new go-to-market strategy.

Share-based payments

During the period, the company granted options to employees under its Employee Share Scheme with the fair value determined using a Black-Scholes model per the following:

- On 15 August 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $44,302;
- On 15 September 2023, 1,000,000 options were granted at an exercise price of $0.05 totalling a fair value of $40,489;
- On 15 October 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $39,537;
- On 15 November 2023, 1,000,000 options were granted at an exercise price of $0.05 totalling a fair value of $37,636; and
- On 15 December 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $29,689.

In addition to the above, on 1 December 2023, 1,200,000 options (Incentive Options) were granted to key management personnel at exercise prices of $0.05, $0.08, and $0.10 totalling a fair value of $41,118 which was determined using a Black-Scholes model.

On 1 December 2023, 7,250,000 options (Attaching Options) were granted to bridging loan lenders at an exercise price of $0.03 totalling a fair value of $237,030 which was determined using a Black-Scholes model.

On 1 December 2023, 5,000,000 options (Loan Options) were granted to bridging loan lenders at an exercise price of $0.03 totalling a fair value of $163,469 which was determined using a Black-Scholes model.

On 11 December 2023, 5,833,393 performance rights options were granted to CEO of the company totalling a fair value of $220,929 which was determined using a combination of the Black-Scholes model and Monte Carlo model.

Further details of the options granted are set out on accompanying Note 9 of the Interim report.

Significant changes in the state of affairs
Other than already disclosed, there were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year
On 5 February 2024, the Group announced the signing of a new contract with a total contract value A$282,000 that spans a 15-month period comprising a 3-month set-up stage and a subsequent 12-month recruitment process.

On 8 February 2024, the company completed a 2 for 5 non-renounceable rights issue offer at $0.03 to raising $1,433,358 before costs. The offer closed on 15 January 2024 raising $547,158. A further $140,000 was underwritten via Partial Underwriting with the balance of allot the shortfall of $746,200 raised from existing and new shareholders.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Ziirsen
Non-Executive Chair

29 February 2024

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Opyl Limited

As lead auditor for the review of Opyl Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Opyl Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 29 February 2024

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31 December 2023

General information

The financial statements cover Opyl Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Opyl Limited's functional and presentation currency.

Opyl Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

105, Wellington Street
St Kilda, Victoria, Australia, 3182

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

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

Opyl Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 December 2023 $	31 December 2022 $
Revenue from contracts with customers	4	243,688	253,011
Other income	5	531,039	606,704
Expenses			
Employee benefits expense		(653,017)	(657,897)
Depreciation and amortisation expense		(11,131)	(13,056)
Corporate compliance and management		(34,182)	(13,343)
Finance costs		(413,261)	(1,000)
Occupancy		(27,000)	(27,521)
Administration		(283,168)	(549,641)
Consultancy contractor costs		(209,766)	(43,372)
Share-based payments		(297,137)	(99,134)
Research & development costs		(122,366)	(75,141)
Loss before income tax expense		(1,276,301)	(620,390)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Opyl Limited		(1,276,301)	(620,390)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Opyl Limited		(1,276,301)	(620,390)
		Cents	**Cents**
Basic earnings per share		(1.07)	(1.14)
Diluted earnings per share		(1.07)	(1.14)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Opyl Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 $	30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents		584,707	452,877
Trade and other receivables		11,336	219,136
Prepayments and other deposits		36,787	-
Total current assets		632,830	672,013
Non-current assets			
Property, plant and equipment		11,924	14,347
Capitalised software development		14,514	23,222
Total non-current assets		26,438	37,569
Total assets		659,268	709,582
Liabilities			
Current liabilities			
Trade and other payables		611,507	614,552
Borrowings		-	300,000
Employee benefits		92,409	155,002
Deferred revenue		9,743	30,476
Total current liabilities		713,659	1,100,030
Non-current liabilities			
Employee benefits		9,313	13,138
Total non-current liabilities		9,313	13,138
Total liabilities		722,972	1,113,168
Net liabilities		(63,704)	(403,586)
Equity			
Equity - issued capital	6	21,054,280	19,918,235
Equity - reserves	7	810,361	643,767
Accumulated losses		(21,928,345)	(20,965,588)
Total deficiency in equity		(63,704)	(403,586)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Opyl Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	19,271,401	366,683	(19,371,076)	267,008
Loss after income tax expense for the half-year	-	-	(620,390)	(620,390)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(620,390)	(620,390)
Cost of capital raise	(37,276)	-	-	(37,276)
Proceeds for share capital issued after report date (see note 6)	-	289,999	-	289,999
Lapse of expired options	-	(17,233)	17,233	-
Vesting charge for share-based payments	-	116,037	-	116,037
Balance at 31 December 2022	19,234,125	755,486	(19,974,233)	15,378

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2023	19,918,235	643,767	(20,965,588)	(403,586)
Loss after income tax expense for the half-year	-	-	(1,276,301)	(1,276,301)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,276,301)	(1,276,301)
Shares issued during the year	1,183,585	-	-	1,183,585
Cost of capital raise	(47,540)	-	-	(47,540)
Proceeds for share capital issued after report date (see note 6)	-	(217,500)	-	(217,500)
Lapse of expired options	-	(313,544)	313,544	-
Vesting charge for share-based payments	-	697,638	-	697,638
Balance at 31 December 2023	21,054,280	810,361	(21,928,345)	(63,704)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Opyl Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	31 December 2023 $	31 December 2022 $
Cash flows from operating activities		
Receipts from customers	250,755	336,752
Government subsidies and incentives	530,581	606,677
Payments to suppliers and employees	(1,361,887)	(1,376,391)
Interest received	458	27
Net cash used in operating activities	(580,093)	(432,935)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(1,998)
Net cash used in investing activities	-	(1,998)
Cash flows from financing activities		
Proceeds for the issue of shares after report date	-	289,999
Share issue transaction costs	(40,040)	-
Proceeds for the issue of shares	606,000	-
Proceeds from borrowings	150,000	-
Borrowings transaction costs	(4,037)	-
Net cash from financing activities	711,923	289,999
Net increase/(decrease) in cash and cash equivalents	131,830	(144,934)
Cash and cash equivalents at the beginning of the financial half-year	452,877	786,334
Cash and cash equivalents at the end of the financial half-year	584,707	641,400

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

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

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

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

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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 in note 2.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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. There has been no material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial report has been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets, and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the consolidated entity has a net loss after tax of $1,276,301and net cash outflows from operations of $580,093 for the half-year ended 31 December 2023. The cash balance at 31 December 2023 was $584,707 while there were no borrowings as at 31 December 2023.

The Directors believe that the consolidated Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the half-year financial report after consideration of a range of factors including, but not limited to, the following factors:

- Subsequent to the period end on 8 February 2024, the consolidated entity completed an entitlement offer raising a further $1,433,358 (before costs);
- In the half year period to 31 December 2023 through to 8 February 2024, the Company successfully completed a capital raising ($576,000 before costs) and rights issue ($1,433,358 before costs as noted above), raising a total of $2,009,358 (before costs). This injection of capital has significantly improved the Company's liquidity position, enabling it to meet its financial obligations and support ongoing operational requirements. If required, it is expected the group will be able to raise capital funds in the forecast period to meet its debts and obligations as they fall due;
- In September 2023, the Company received $530,580 from the Australian Taxation Office under the federal government's Research and Development (R&D) Tax Incentive program. The tax refund relates to the R&D activities undertaken by Opyl in FY23. It is expected the group will receive in the forecast period a R&D tax refund for its R&D expenditure incurred in the year to 30 June 2024;
- Continued focus on the operating performance of the business; and
- If required, the group is able to defer discretionary and uncommitted expenditure to subsequent periods.

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The Directors have considered a cash flow forecast and the projected revenue and are satisfied that the Company will operate as a going concern and continue to meet its financial obligations for the foreseeable future.

Note 1. Material accounting policy information (continued)

Based on the cash flow forecast and the capital raised subsequent to the period end, the Directors are satisfied that the going concern basis of preparation is appropriate.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Proceeds received in advance of new share issues are classified as share capital reserves in equity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Accrual of research and development grant credits
The company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and claw back those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Non-recognition of research and development tax offset receivable
For financial reporting purposes, the R&D tax offset is analogised as other income. A credit will be recognised within other income when the entity satisfies the criteria to receive the credit. The criteria are usually satisfied post reporting date upon lodgement of the Consolidated group’s income tax return and as such management has opted to treat R&D tax refunds on a cash basis and recorded in the year they are received.

Share capital reserve
The Group reports proceeds received in advance of the issuance of shares as share capital reserves (see note 6). Upon issuance of shares, the proceeds are transferred from reserves to issued capital in equity.

Note 3. Operating segments

Identification of reportable operating segments
Since exiting the US market during the financial year ended 30 June 2021, the business performances have been consolidated into a single operating segment, being Opyl's global business solving the issues faced by consumers and companies in data and privacy in digital marketing by providing client services and account management layer behind the company’s technology properties. Performances had previously been monitored on an individual entity basis.

Major customers

Included in revenues arising from sales to external customers are revenues of approximately $68,750 (28.21%) which arose from sales to the Group’s largest customer, Murdoch Children's Research Institute. The second largest customer, Monash University, also contributed approximately $59,115 (24.26%). The third largest customer, Bristol-Myer Squibb Australia Pty Ltd, contributed $38,720 (15.89%).

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers	
	31 December 2023 $	31 December 2022 $
Australia	243,688	253,011

Note 4. Revenue from contracts with customers

	31 December 2023 $	31 December 2022 $
Retainer revenue	119,110	135,364
Project revenue	124,578	113,347
Other revenue	-	4,300
Revenue from contracts with customers	243,688	253,011

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	31 December 2023	31 December 2022
Timing of revenue recognition		
Services transferred at a point in time	-	4,300
Services transferred over time	243,688	248,711
	243,688	253,011

Note 5. Other income

	31 December 2023 $	31 December 2022 $
Interest income	458	27
Research and development tax refund	530,581	570,077
Export market development grants	-	36,600
Other income	531,039	606,704

Note 6. Equity - issued capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $	30 June 2023 $
Ordinary shares - fully paid	119,446,545	80,065,065	21,054,280	19,918,235

Note 6. Equity - issued capital (continued)

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	30 June 2023	80,065,065		19,918,235
Issue of shares - placement[1]	7 July 2023	7,250,000	$0.03	217,500
Issue of shares - placement	1 December 2023	12,931,480	$0.03	390,085
Issue of shares - placement	18 December 2023	19,200,000	$0.03	576,000
Capital raising cost[2]		-	$0.00	(47,540)
Balance	31 December 2023	119,446,545		21,054,280

[1]In June 2023, the company completed a placement of 7,250,000 fully paid ordinary shares (Placement) at a price of $0.03 per share to raise $217,500 before costs. The shares were issued in 7 July 2023. Refer to Note 7 for further details.

[2]Capital raising costs on share capital received before period end.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 7. Equity - reserves

	31 December 2023 $	**30 June 2023 $**
Foreign currency reserve	(381,075)	(381,075)
Options reserve	1,191,436	807,342
Capital reserve	-	217,500
	810,361	643,767

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Option reserve
The reserve is used to recognise the value of equity benefits provided to employees, directors and other parties as part of their remuneration and compensation for services.

Capital reserve
The reserve is used to recognise the value of funds received in the year to 30 June 2023 for shares not yet issued. In June 2023, the company completed a placement of 7,250,000 fully paid ordinary shares (Placement) at a price of $0.03 per share to raise $217,500 before costs. $187,500 received by 30 June 2023, and the remaining balance, $30,000, was received on 3 July 2023. The shares were issued on 7 July 2023.

Note 8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

During the period, the company granted options to employees under its Employee Share Plan with the fair value determined using a Black-Scholes model per the following:

- On 15 August 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $44,302;
- On 15 September 2023, 1,000,000 options were granted at an exercise price of $0.05 totalling a fair value of $40,489;
- On 15 October 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $39,537;
- On 15 November 2023, 1,000,000 options were granted at an exercise price of $0.05 totalling a fair value of $37,636; and
- On 15 December 2023, 1,000,000 options were granted at an exercise price of $0.04 totalling a fair value of $29,689.

The fair value of the above awards were recognised on issue.

On 1 December 2023, 1,200,000 options granted to key management personnel at exercise prices of $0.05, $0.08, and $0.10 totalling a fair value of $41,118 which was determined using a Black-Scholes model. A share-based expense of $2,082 was recognised at 31 December 2023. The only vesting conditions that apply to the exercise of the Incentive Options is the passage of time, with one-third of the Incentive Options vesting 1 year from the issue date, a further one-third of the Incentive Options vesting 2 years from the issue date, and the final one-third of the Incentive Options vesting 3 years from the issue date.

On 1 December 2023, 7,250,000 options (Attaching Options) were granted to bridging loan lenders at an exercise price of $0.03 totalling a fair value of $237,030 which was determined using a Black-Scholes model. A finance cost of $237,030 was recognised at 31 December 2023.

On 1 December 2023, 5,000,000 options (Loan Options) were granted to bridging loan lenders at an exercise price of $0.03 totalling a fair value of $163,469 which was determined using a Black-Scholes model. A finance cost of $163,469 was recognised at 31 December 2023.

On 11 December 2023, 5,833,393 performance rights options were granted to the Interim CEO of the company to be settled in shares in 3 tranches. The initial term of service is 6 months, being the vesting period. Each Right will convert to one ordinary share in the Company during the performance period subject to achieving key milestones as agreed with the board.

As tranche 1 and tranche 2 only have non-market conditions, the fair value determined using a Black-Scholes model.

The 3rd tranche has market condition related to the recruitment of a successor Chief Executive Officer after 6 months initial term and non-market conditions is conditional on Opyl's share price trading above $0.10 for a minimum of 15 consecutive trading days within a 5 year period from commencement of services. Accordingly, a Monte Carlo simulation of 100,000 simulations was conducted to obtain a theoretical distribution for the 15-day share price and was used to determine the percentile rank. This ranking outcome was weighted by the vesting condition and applied to the average price of the Rights realized in each ranking outcome. The expense in the period was $57,384 from a fair value on grant date of $220,929.

Note 9. Share-based payments (continued)

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
15/08/2023	17/08/2028	$0.05	$0.04	140.00%	-	3.87%	$0.044
15/09/2023	15/09/2028	$0.05	$0.05	140.00%	-	3.87%	$0.040
15/10/2023	15/10/2028	$0.04	$0.04	140.00%	-	3.87%	$0.040
15/11/2023	15/11/2028	$0.04	$0.05	140.00%	-	3.87%	$0.038
15/12/2023	15/12/2028	$0.03	$0.04	140.00%	-	3.87%	$0.030
01/12/2023	01/12/2028	$0.04	$0.05	140.00%	-	3.87%	$0.035
01/12/2023	01/12/2028	$0.04	$0.08	140.00%	-	3.87%	$0.034
01/12/2023	01/12/2028	$0.04	$0.10	140.00%	-	3.87%	$0.033
01/12/2023	01/12/2026	$0.04	$0.03	140.00%	-	3.87%	$0.033
01/12/2023	01/12/2026	$0.04	$0.03	140.00%	-	3.87%	$0.033
11/12/2023	15/12/2028	$0.04	$0.00	100.00%	-	3.92%	$0.040
11/12/2023	15/12/2028	$0.04	$0.00	100.00%	-	3.92%	$0.040
11/12/2023	15/12/2028	$0.04	$0.00	100.00%	-	3.92%	$0.036

Note 10. Contingent liabilities

The company had no other contingent liabilities as at 31 December 2023 (30 June 2023: NIL)

Note 11. Events after the reporting period

On 5 February 2024, the Group announced the signing of a new contract with a total contract value A$282,000 that spans a 15-month period comprising a 3-month set-up stage and a subsequent 12-month recruitment process.

On 8 February 2024, the company completed a 2 for 5 non-renounceable rights issue offer at $0.03 to raising $1,433,358 before costs. The offer closed on 15 January 2024 raising $547,158. A further $140,000 was underwritten via Partial Underwriting with the balance of allot the shortfall of $746,200 raised from existing and new shareholders.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Ziirsen
Non-Executive Chair

29 February 2024

Independent auditor's review report to the members of Opyl Limited

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Opyl Limited (the Company), and its subsidiaries (the Group) does not comply with the Corporations Act 2001, including:

— giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and

— complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

— the consolidated statement of financial position as at 31 December 2023,

— the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,

— the consolidated statement of changes in equity for the half-year then ended,

— the consolidated statement of cash flows for the half-year then ended,

— notes to the financial statements, including a summary of material accounting policy information, and

— the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 29 February 2024