ASX ANNOUNCEMENT

27 February 2023

Opyl Lays Groundwork for Accelerated Adoption and Sales of its Global Clinical Trial Recruitment Solutions

Melbourne, Australia – Opyl Limited (ASX:OPL) today announced its half-year financial results for the six months ended 31 December 2022 (1HFY22), which shows the Company making further progress to lay the foundations to accelerate growth in the near-term.

Highlights

- Stronger bottom line with $845K improvement in interim net loss after tax (1HFY23: -$620K vs. 1HFY22: -$1.5m).
- Growing sales pipeline for Opin as Opyl signs MSAs with leading global pharma and with the total value of contracts for 2HFY23 currently standing at ~$300K
- Opin achieves interim HIPAA (health data) and AWS certification that allows for US market access
- TrialKey achieves key development milestone that proves the viability of the solution
- Opin sales transition from legacy business and sales timing issues created short-term revenue volatility, but Opyl has never been better placed to grow sales.
- Stronger 2HFY23 forecast as Opin is expected to secure further contracts and growth options to commercialise Trialkey.

The Company posted a sharp improvement in its bottom line with interim net loss after tax for the period coming in at $620,390, or $845,236 ahead of the previous corresponding period (pcp).

While revenue in 1HFY23 declined 12.9%, or $37,594, over the pcp to $253,011, it does not reflect the underlying strength of the business. The result reflects a timing issue flowing from our strategic decision to target our sales efforts towards global pharmaceutical companies, that initially come with a longer sales cycle. Just after the 31 December 2022 cut-off, we secured contracts valued at ~$145K, which takes the total value of contracted projects in 2HFY23 to ~$300K as of this month.

Further, Opyl has a strong and growing sales pipeline for its flagship Opin.AI clinical trial recruitment solution and, post half-year end, secured global Master Services Agreements (MSAs) with leading global pharmaceutical companies; GlaxoSmithKline (GSK) and Bristol Myers Squibb (BMS), with significant contracts signed with BMS within weeks.

"This financial year is the foundation year for Opyl. We now have a proven market-tested solution and the financial resources, post our successful capital raise, to further expand our sales pipeline to take the Company to its next phase of growth over the next 12 months," said Michelle Gallaher, Chief Executive Officer of Opyl.

"Our focus is to pursue sales for Opin through securing Master Service Agreements with several large global pharmaceutical companies, providing greater access to multiple clinical trial opportunities within less competitive environments. HIPAA and AWS compliance certification has been a critical element in Opin passing due diligence and gaining access to approved supplier status. While the strategy initially extends the sales cycle, this group of clients have significantly higher lifetime value as their contracts are larger and they are more likely to provide recurring and repeat businesses.

"This not only will lower our customer/project acquisition costs and improve our hit rate, but will allow us to upsell other solutions and expand into new geographical markets, including the United States and Europe."

Development Highlights

Opin.AI

The Opin solution has never been better placed to gain further traction with its key customer base following the recent addition of important enhancements to our solution, including:

- **Compliance & Certification**: Opin was awarded Interim Health Insurance Portability and Accountability Act (HIPAA) compliance certification, an essential "ticket to play" to enter international markets, particularly the United States, with the first recruitment into US sites activated in December. Full HIPAA compliance is anticipated within six months, automatically qualifying Opyl for the European Union's General Data Protection Regulation (GDPR) compliance, which will allow Opin to expand into the EU and USA. Opin also achieved compliance certification for security measures and requirements for Amazon Web Services (AWS), the platform that Opin is built on.
- **Growing Sales Pipeline**: Opyl currently has MSAs with GSK and BMS, and is in advanced negotiations with other global pharmaceutical companies. MSAs give the Company preferred status to bid on projects from these organisations and management is forecasting further growth in the Opin sales pipeline over the coming periods.
- **Additional Features**: The Company released Opin 2.0, a refreshed user interface with improved functionality, in the September quarter. It also launched a new personalised research screening service that will deliver improved trial enrolment and participant experience.
- **Partnerships**: Opyl signed a strategic partnership with online e-consent platform provider Consentic. Opin and the Consentic platform offer complementary services with both companies agreeing to cross-sell each other's solution. This partnership follows the signing of two important partnerships with patient advocacy groups, NeuroEndocrine Cancer Australia and Pancare Foundation. Relationships with patient advocates are important to swiftly access patient communities online respectfully, ethically and appropriately accelerating recruitment to trials via Opin.

TrialKey

Opyl achieved a significant development milestone in 1HFY23 for TrialKey, its clinical trial prediction and protocol design software solution. Independent tests by RMIT University found TrialKey accurately traced a random subset of clinical trials reported to global registries through to their outcomes, with 92% accuracy.

This essentially means Opyl has a potentially valuable, viable and unique solution that can address an unmet need in the market.

Financial Position

The sharp improvement in Opyl's net loss position is driven by strong cost control amid ongoing investments to advance the Opin and TrialKey solutions. Expenses in 1HFY23 fell by 16% compared to the pcp.

The Company's financial position was bolstered by the successful completion of a share placement and subsequent rights issue that closed in February 2023, which raised circa $545K in total. The proceeds from the capital raising will primarily be used to advance the market penetration of Opin in Australia and internationally.

Further, Opyl received around $607K from the federal government's R&D tax incentive and Export Market Development Grants. Opyl's current cash position is $661K, which is higher than its reported cash balance of $641K at the end of December 2022.

The Company may raise another $125K from the shortfall under the rights issue, which Opyl can allocate and issue at its discretion before 13 May 2023.

Outlook

The Opin sales transition from Opyl's legacy Social Insights business and strategy targeting global pharmaceuticals will create some short-term revenue volatility, but management has never been more confident about its outlook.

Opin is gaining traction and recognition as a leader in social media-based clinical trial patient recruitment and the Company believes it will secure additional MSAs with leading global pharmaceutical groups in the current half.

Opyl is also anticipating further revenue contract wins stemming from these MSAs and other opportunities in the sales pipeline, which implies a stronger 2HFY23 for the Company.

Additionally, Opyl will be looking to advance the development of TrialKey that, in time, can open a second complementary but independent revenue stream for the Company.

While Opyl is focused on scaling the Opin business, it could look to partnering or licensing opportunities for TrialKey that would accelerate its commercialisation pathway.

Investors wishing to find out more about Opin can watch an introductory video at https://www.opin.ai/home. Opyl has also just launched a podcast, OpylPod, to showcase the technologies being commercialised by the Opyl team. The first episode features Opyl CEO, Michelle Gallaher and Opyl CTO Damon Rasheed discussing TrialKey: predicting and improving clinical trial success. You can access this podcast at https://opylpod.podbean.com/e/trialkey/.

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

-ENDS-

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www.opyl.ai

www.opin.ai

Opyl is a new generation Australian digital health company that applies artificial intelligence to improving clinical trials. Our platforms 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:

- clinical trial recruitment solutions – Opin.ai
- clinical trial predictive analytics and protocol design – TrialKey
- deep social media insights and analysis – Social Insights

Follow Opyl on Twitter (@Opylai), LinkedIn and Facebook

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 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	12.9%	to	253,011
Loss from ordinary activities after tax attributable to the owners of Opyl Limited	down	57.7%	to	(620,390)
Loss for the half-year attributable to the owners of Opyl Limited	down	57.7%	to	(620,390)

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 $620,390 (31 December 2021: Loss of $1,465,626).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.03)	0.42

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.

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8. Attachments

Details of attachments (if any):

The Half-year report of Opyl Limited for the half-year ended 31 December 2022 is attached.

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9. Signed

Signed ______________________________ Date: 27 February 2023

Mark Ziirsen
Chair and Non-Executive Director

Opyl Limited

ABN 71 063 144 865

Half-year report - 31 December 2022

Opyl Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity for the half-year ended 31 December 2022.

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 - Chairman and Non-Executive Director
Julian Chick - Non-Executive Director (Resigned 13 February 2023)
Damon Rasheed - Executive Director
Megan Robertson - Non-Executive Director

Mr Mark Ziirsen replaced Dr Julian Chick as Chair on 30 August 2022 as part of a planned transition.

Principal activities
The principal activities of the company during the period were predominantly the continued development of its digital tools that improve the healthcare experience for patients, deliver deep market insights from social media data and improve the efficiency and value of clinical research process.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $620,390 (31 December 2021: Loss of $1,465,626).

The cash position at the end of the half-year was $641,400 and in addition to trade and other receivables of $19,835 that are expected to be collected through Q3 FY 2023. Whilst revenues were lower by 12.9% during the half-year period, management expectations are that revenue for FY2023 will close stronger based on year-to-date committed engagements as a comparison to the prior financial year.

Based on the strategic shift that the business has undertaken over the past eighteen months towards creating AI solutions to improve clinical trials, the increase in salaries and wages to enable the strategic shift, coupled with the additional spend on R&D during the period, was in line with management expectations for the financial half-year ended 31 December 2022.

Operational Progress

The operating loss for the period of $620,390 was significantly improved compared to the prior period, being $845,236 (57.7%) lower primarily the result of:

- Receipt of $606,704 in government incentives in the half, which in the prior period was received in the second half. Nevertheless, total incentives received are $245,267 (67.9%) higher than the refunds received in FY2022.
- The underlying operating loss, before incentives, of $1,227,094 improved materially, being $238,532 (16.3%) lower than the prior period for the reason noted below.
- Recognised revenue of $253,001 was $37,594 (12,9%) lower primarily driven by lower project revenues reflecting the strategic decision to target business development towards global pharmaceutical clinical trial sponsors that involves a longer sales cycle. As announced, post-period, that strategy has had success with the company securing MSA's with leading global pharmaceutical companies GSK and BMS, with the latter resulting almost immediately in the company being awarded contracts totalling approximately $145,000. In addition, at the balance date, approximately $112,000 of deferred revenue related to projects in progress had been recognized which will result in recognized revenue in Q3 FY2023.
- Total operating expenses of $1,480,105 were $276,126 (15.7%) lower than the prior period as a result of management cost containment initiates, The favourable variance was driven by reduced administration costs of $165,337 (23.1%), R&D costs down by $71,419 (48.7%), consulting costs down by $60,884 (58.4%) and corporate compliance costs down by $24, 912(65.1%) being partially offset by mildly higher employee costs up $48,596 (6.9%).

During the period, the Group completed a successful share placement and receipt of R&D and EDMG incentives, strengthening the balance sheet and vitally extending the cash runway into the next calendar year.

The Company's patient recruitment platform Opin implemented two major advances in the period including the signing of a strategic partnership with Consentic, an online platform providing video-based electronic clinical trial consent (e-consent), and launching a new personalised research screening service.

More significantly, Master Service Agreements (MSAs) were secured with leading global pharmaceutical companies, GlaxoSmithKline (GSK) and Bristol Myers Squibb (BMS).

Furthermore, Opyl received Interim Health Insurance Portability and Accountability Act (HIPAA) compliance enabling it to enter international markets, particularly the US, with the first recruitment into US sites activated in December 2022. Full HIPAA compliance is anticipated within 6 months, automatically qualifying Opyl for EU's General Data Protection Regulation (GDPR) compliance, enabling expansion to EU.

Opyl also achieved compliance certification for security measures and requirements for Amazon Web Services (AWS), the platform that Opin is built upon confirming that Opyl's products, services and infrastructure meet stringent, international healthcare industry data security and compliance standards.

Share-based payments

During the half-year period, the consolidated entity granted options over ordinary shares in the company to certain key management personnel of the consolidated entity and other employees. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. Details for the options granted are as follows:

On 26 July 2022, 580,000 options were granted to employees at an exercise price of $0.10 totalling a "fair" value of $28,547 which was determined using a Black-Scholes model.

On 10 December 2022, 1,400,000 options (Incentive Options) were granted to key management personnel at exercise prices of $0.10, $0.15, and $0.20 totalling a "fair" value of $41,066 which was determined using a Black-Scholes model.

Further details of the options granted are set out on accompanying Note 8 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 23 December 2022, the company announced a 1 for 4 non-renounceable rights issue offer at $0.03 to raise up to $480,390. The offer closed on 13 February 2023 raising $355,768. Under the offer, the company reserves the right to allot the shortfall of $124,622 at its discretion within 3 months of the close date.

As announced on 3 January 2023, the company issued 9,666,667 fully paid ordinary shares via a placement at a price of $0.03 per share raising $290,000. The company also issued on 3 January 2023 in consideration for the provision of services as part of the capital raise 666,663 broker option securities with an exercise price of $0.06 and an expiry date of 30 December 2023.

No other matter or circumstance has arisen since 31 December 2022 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
Chair and Non-Executive Director

27 February 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OPYL LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 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.

William Buck

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

N. S. Benbow
Director
Melbourne, 27 February 2023

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Opyl Limited
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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 _____February 2023.

Opyl Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Revenue from contracts with customers	4	253,011	290,605
Other income	5	606,704	-
Expenses			
Employee benefits expense		(757,031)	(708,435)
Depreciation and amortisation expense		(13,056)	(12,020)
Corporate compliance and management		(13,343)	(38,255)
Finance costs		(1,000)	(227)
Occupancy		(27,521)	(31,500)
Administration		(549,641)	(714,978)
Consultancy contractor costs		(43,372)	(104,256)
Research & development costs		(75,141)	(146,560)
Loss before income tax expense		(620,390)	(1,465,626)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Opyl Limited		(620,390)	(1,465,626)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Opyl Limited		(620,390)	(1,465,626)
		Cents	**Cents**
Basic earnings per share		(1.14)	(2.69)
Diluted earnings per share		(1.14)	(2.69)

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 2022

	Note	31 December 2022 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		641,400	786,334
Trade and other receivables		19,835	123,858
Prepayments and other deposits		31,643	7,621
Total current assets		692,878	917,813
Non-current assets			
Property, plant and equipment		18,416	20,766
Capitalised software development		31,930	40,638
Total non-current assets		50,346	61,404
Total assets		743,224	979,217
Liabilities			
Current liabilities			
Trade and other payables		472,466	430,850
Employee benefits		132,921	114,674
Deferred revenue		111,581	131,863
Total current liabilities		716,968	677,387
Non-current liabilities			
Employee benefits		10,878	34,822
Total non-current liabilities		10,878	34,822
Total liabilities		727,846	712,209
Net assets		15,378	267,008
Equity			
Equity - issued capital	6	19,234,125	19,271,401
Equity - reserves	7	755,486	366,683
Accumulated losses		(19,974,233)	(19,371,076)
Total equity		15,378	267,008

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

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	19,271,401	327,560	(17,411,342)	2,187,619
Loss after income tax expense for the half-year	-	-	(1,465,626)	(1,465,626)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,465,626)	(1,465,626)
Vesting charge for share-based payments	-	261,774	-	261,774
Balance at 31 December 2021	19,271,401	589,334	(18,876,968)	983,767

	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

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 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers		336,752	363,713
Government subsidies and incentives		606,677	-
Payments to suppliers and employees		(1,376,391)	(1,422,711)
Interest received		27	-
		(432,935)	(1,058,998)
Income taxes paid		-	(18,735)
Net cash used in operating activities		(432,935)	(1,077,733)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,998)	(998)
Net cash used in investing activities		(1,998)	(998)
Cash flows from financing activities			
Proceeds for the issue of shares after report date	6	289,999	-
Net cash from financing activities		289,999	-
Net decrease in cash and cash equivalents		(144,934)	(1,078,731)
Cash and cash equivalents at the beginning of the financial half-year		786,334	2,316,340
Cash and cash equivalents at the end of the financial half-year		641,400	1,237,609

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

Opyl Limited
Notes to the consolidated financial statements
31 December 2022

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022 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 principal 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.

The consolidated entity has a net loss after tax of $620,390 and net cash outflows from operations of $432,935 for the half-year ended 31 December 2022. The cash balance at 31 December 2022 was $641,400 while there were no borrowings as at 31 December 2022. On 13 February 2023, the consolidated entity closed an entitlement offer raising $355,768 (before costs), and in addition, it has the option to raise further capital by placing a shortfall of $124,622 within three months of this date.

These conditions give rise to a material uncertainty that casts significant doubt upon the consolidated entity's ability to continue as a going concern.

The directors have carefully assessed the consolidated entity’s budget and cash flow forecast which takes into account:

- commercialisation of its new A1-powered digital insights platform (Opin) which has already shown potential as well as other Opyl Limited technologies;
- the ability of Opyl to receive cash inflows through its eligibility to the Federal Governments R&D Tax Incentive Scheme and its Export Development Marketing Grant (EMDG) program;
- current liabilities are impacted by the unearned income of $111,581 which improves Opyl’s reserve of working capital relative to the net current ratio;
- further reduction in expenditure for non-core parts of the business and rationalisation and streamlining of the company structure; and
- the change in operational focus and a significant reduction in costs.

Note 1. Significant accounting policies (continued)

This forecast indicates that the consolidated entity can continue as a going concern for at least the next 12 months.

Furthermore, the directors are reviewing the Group's ability as a technology innovation company to apply for various government grants and incentives, in addition to the above-mentioned R&D tax incentive and EMDG, which have not yet been factored into the cash flow forecast but will provide cash inflows to reduce the impact of expenditure should they be successfully granted.

Should the commercialisation of new products and platforms take longer than forecast the directors may be required to raise further capital through either equity or debt. The company has a history of being able to raise capital and debt when required and the directors reasonably believe that should the need arise they will be able to raise sufficient funds to meet their liabilities as they fall due.

Should the consolidated entity be unable to implement the above strategies or source alternative funding, it may be necessary to realise some or all assets and discharge liabilities at amounts different to those stated in the financial statements No adjustments have been made to the recoverability and classification of asset and the amount and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

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 lodgment 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 $73,164 (28.92%) which arose from sales to the Group's largest customer, Monash University. The second largest customer, 360biolabs, also contributed approximately $37,500 (14.82%). The third largest customer, Pharmaxis Ltd, contributed $35,610 (14.07%).

Geographical information

	Sales to external customers	
	31 December 2022 $	31 December 2021 $
Australia	253,011	234,911
USA	-	55,694
	253,011	290,605

Note 4. Revenue from contracts with customers

	31 December 2022 $	31 December 2021 $
Retainer revenue	135,364	148,280
Project revenue	113,347	141,125
Other revenue	4,300	1,200
Revenue from contracts with customers	253,011	290,605

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

	31 December 2022	31 December 2021
Timing of revenue recognition		
Services transferred at a point in time	4,300	1,200
Services transferred over time	248,711	289,405
	253,011	290,605

Note 5. Other income

	31 December 2022 $	31 December 2021 $
Interest income	27	-
Research and development tax refund	570,077	-
Export market development grants	36,600	-
Other income	606,704	-

Note 6. Equity - issued capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 $	30 June 2022 $
Ordinary shares - fully paid	54,385,385	54,385,385	19,234,125	19,271,401

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 June 2022	54,385,385		19,271,401
Capital raising costs[1]		-	$0.00	(37,276)
Balance	31 December 2022	54,385,385		19,234,125

[1]Capital raising costs on share capital received before period end. $289,999 was received for 9,666,667 shares that were issued on the 3rd of January 2023 at $0.03 per share.
On 3 January 2023 in consideration for the provision of services as part of the capital raise the company issued 666,663 broker option securities with an exercise price of $0.06 and an expiry date of 30 December 2026. As the service conditions for the share placement were satisfied before 31 December 2022, an amount of $16,903 of total costs was accrued to the cost of capital in equity to reflect the fair value of the broker options. The balance of $20,373 in capital raise costs is to be settled in cash.

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 2022 $	30 June 2022 $
Foreign currency reserve	(381,075)	(381,075)
Options reserve	846,562	747,758
Capital reserve	289,999	-
	755,486	366,683

Note 7. Equity - reserves (continued)

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 for shares not yet issued.

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.

On 26 July 2022, 580,000 options were granted to employees at an exercise price of $0.10 totalling a fair value of $28,547 which was determined using a Black-Scholes model. A share-based expense of $12,357 was recognised at 31 December 2022. The vesting conditions that apply are subject to continued employment and other guidelines within the Employee Share Plan.

On 10 December 2022, 1,400,000 options were granted to key management personnel at exercise prices of $0.10, $0.15, and $0.20 totalling a value of $41,066 which was determined using a Black-Scholes model. A share-based expense of $1,585 was recognised at 31 December 2022. 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

As announced on 3 January 2023, the company issued 9,666,667 fully paid ordinary shares via a placement at a price of $0.03 per share. The company also issued on 3 January 2023 in consideration for the provision of services as part of the capital raise 666,663 broker option securities with an exercise price of $0.06 and an expiry date of 30 December 2026. As the service conditions for the share placement were satisfied before 31 December 2022, an amount of $16,903 was accrued to the cost of capital in equity to reflect the service cost.

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
26/07/2022	26/07/2025	$0.06	$0.10	170.00%	-	3.00%	$0.049
10/12/2022	10/12/2027	$0.03	$0.10	170.00%	-	3.00%	$0.030
10/12/2022	10/12/2027	$0.03	$0.15	170.00%	-	3.00%	$0.029
10/12/2022	10/12/2027	$0.03	$0.20	170.00%	-	3.00%	$0.028
03/01/2023	22/12/2026	$0.03	$0.06	170.00%	-	3.00%	$0.026

Note 10. Contingent liabilities

On 3 September 2021, the CEO of the Group signed an Executive Service Agreement with a bonus incentive condition. A bonus incentive of $400,000 will be paid to the executive in the event of the Opyl share price trading $1 for 10 or more consecutive days within the first 24 months of executing the agreement, so long as the Executive is employed at the company. The board has the option to pay the bonus in a combination of shares and cash to the value of $400,000. The bonus is payable to the executive within 90 days if the bonus conditions being met or in the event of the business being acquired, or in the event of a complete takeover of the company. As at the reporting date of 31 December 2022, there is a very low probability that the market performance of the bonus incentive will be realised, as such the fair value of the bonus provision has not been included in the financial statements for the half-year ended 31 December 2022.

The company had no other contingent liabilities as at 31 December 2022 (30 June 2022: NIL)

Note 11. Events after the reporting period

On 23 December 2022, the company announced a 1 for 4 non-renounceable rights issue offer at $0.03 to raise up to $480,390. The offer closed on 13 February 2023 raising $355,768. Under the offer, the company reserves the right to allot the shortfall of $124,622 at its discretion within 3 months of the close date.

As announced on 3 January 2023, the company issued 9,666,667 fully paid ordinary shares via a placement at a price of $0.03 per share raising $290,000. The company also issued on 3 January 2023 in consideration for the provision of services as part of the capital raise 666,663 broker option securities with an exercise price of $0.06 and an expiry date of 30 December 2023.

No other matter or circumstance has arisen since 31 December 2022 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.

Opyl Limited
Directors' declaration
31 December 2022

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 2022 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
Chair and Non-Executive Director

27 February 2023

Opyl Limited
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Opyl Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 Opyl Limited is not in accordance with the *Corporations Act 2001* including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated entity 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the half-year financial report, which indicates that the consolidated entity has a net loss after tax of $620,390 and net cash outflows from operations of $432,935 for the half year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of Opyl Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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 consolidated entity's financial position as at 31 December 2022 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

N. S. Benbow
Director
Melbourne, 27 Febuary 2023