

FY2019 Q3 (H2) Investor Update

Presented at : Goldman Sachs 3rd Annual Tech Day

24th October 2019



“ISX is differentiated by its unique digital identity, payment and banking services for (regulated) businesses and financial institutions the EEA, and shortly in Australia.”

Presenter

John Karantzis, CEO



EEA Authorised
EMI #115.1.3.17



BÖRSE
FRANKFURT

ico.

PRINCIPAL
MEMBER:



Diners Club
INTERNATIONAL



AGGREGATION
PARTNER:



iSignthis Ltd (ASX : ISX | FRA : TA8)

iSignthis is listed on the ASX and Frankfurt Stock Exchange.

We provide payments, eMoney, IBAN addressable stored value accounts and KYCC identity verification services across multiple jurisdictions.

We are authorised as an EEA authorised Monetary Financial and Payment Institution, with license to issue emoney, IBAN bank accounts, and operate transactional banking and card services across Europe. These services will soon also be available in Australia.

We operate a sophisticated & patented anti-money laundering and anti-fraud system that also provides transactional security to business and retail customers.

iSignthis' inhouse developed ISXPay®, Payidentity™, Probanx® CorePlus and CoreConnect platforms allow us to deliver services to merchants and retail customers.

iSignthis Ltd Timeline – 9 years in the making

- 2010 Nickolas John Karantzis Invents the payment instrument verification method to solve an online fraud problem.
- 2011 – Patents lodged in key global financial centers, including EU, US, CN, CA, HK, SG, AU.
- 2013 (Dec) – US Patent Granted for payment instrument verification method. Commence development on software and raise 'angel round' of investment later that year
- 2014 – 2019 – further patents granted in AU, CN, CA, NZ, SA, PG, SE, SG, & EPO (EEA + Turkey)
- 2014 – Regulatory roadshow in HK, EU, SG & AU to determine if proposed process meets remote KYC requirements. Enter into first agreements to deliver strong customer authentication software based on patents
- 2015 – Raise \$3m at \$0.03 (via reverse list on ASX). Continue to develop company as a payment gateway / achieve PCI certification
- 2016 – Commence application for EU/EEA electronic money license. Commence providing KYC services based on patent. Enters into agreement to act as payment facilitator to process and settle Visa and Mastercard in Australian and New Zealand in partnership with NAB . ISX Licenses Kogan to use its patent for antifraud.
- 2017 – Granted EEA electronic money license. Achieves Mastercard, JCB and then Visa Principal Licensing for EU. Commenced network build to major card schemes.
- 2018 – Partnered with Worldline for EU whilst network build continued directly into major card schemes. Executed agreement to access SEPA network via Central Bank. NAB advises it will no longer service AML Sector businesses. Supply chain issues $\frac{3}{4}$ way through year. Deployed own network December 12th to allow for independent operations. Principal License granted for Mastercard (AU), ChinaUnionPay and AMEX. Lodges Australian ADI application in August. Alternative AU network arrangements reached,
- 2019 – Commences independent EU operations late Feb. Achieves cashflow positive May after just 2 $\frac{1}{2}$ months. Visa (AP) license granted. Re-commences AU card payment processing independent of NAB

iSignthis Group – Governance & Compliance Obligations

Principal Member of :



LIETUVOS BANKAS
EUROSISTEMA



CENTRAL BANK OF CYPRUS
EUROSYSTEM



iSignthis eMoney Ltd
(Europe)
Deposit Taking,
Payments,
Emoney issue,
Credit License

iSignthis eMoney (AU) Pty Ltd
(Australia)
Card Payments Licenses

ADI License submitted,
ASIC License submitted

We have been audited by a regulatory or compliance entity at least once every quarter on average since mid 2017.



Pending ADI License Issue



RESERVE BANK OF AUSTRALIA



ASIC

Australian Securities & Investments Commission



What's unique about iSignthis?



Onboarding speed and reach. Paydentity can reach, identify, verify and take payment at the same time from 4.2 billion people, or 69% of the world's population. We massively improve conversions by use of automation.



Diversified payment choice. ISXPay is a principal member of major card schemes in the EU and/or Australia, including Visa, Mastercard, China UnionPay, Diners, Discover, JCB, and American Express, as well as a number of alternative payment methods (APM's).



Speed to payout. This is emerging as an important aspect for the customers of our financial services merchants. The ability to move funds quickly and to a variety of destination accounts is a critical selling point for merchants to their customers.



Multi-currency choice. We offer between 16 to 23 currencies natively to our merchants, so that they can accept and we will settle in the world's most popular currencies (with some exotics!)



Deposit taking. Use of IBAN account to link all the above services to a customer. Deposits held at Central Bank.



Multi Region. Our customers operate in the UK, the EEA and Australia.



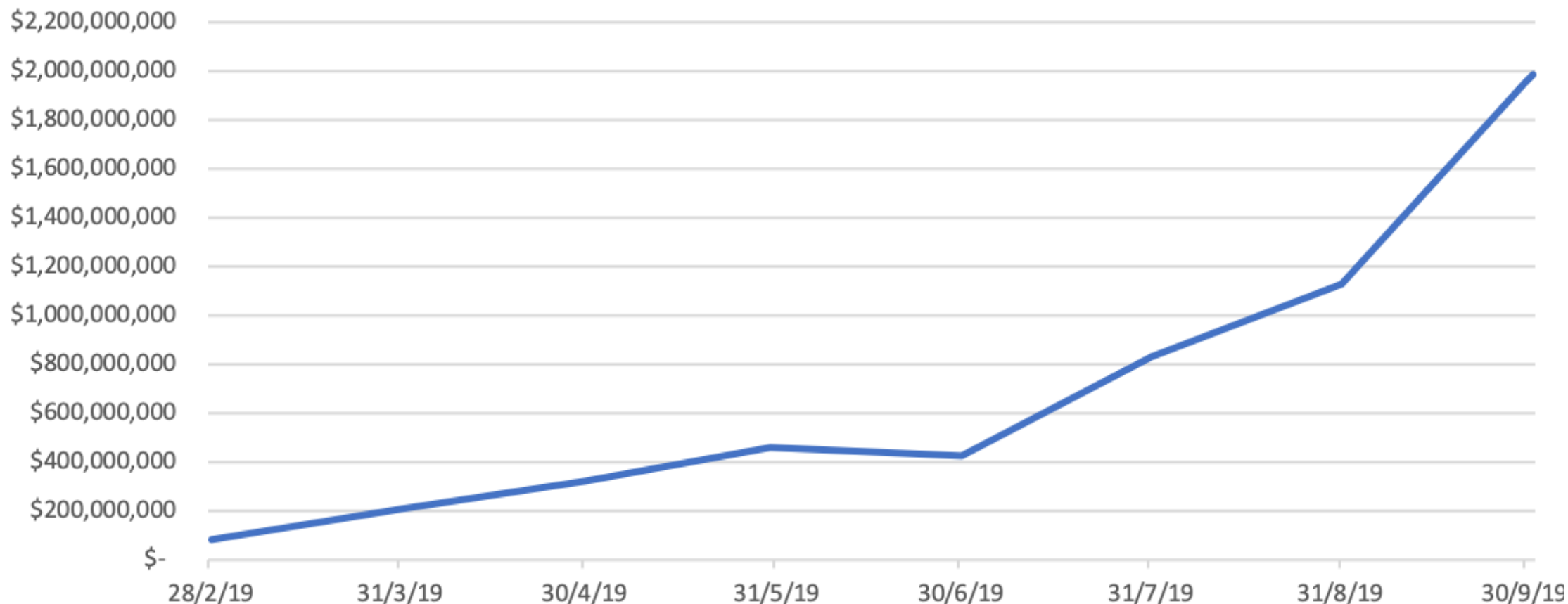
Single touch point. ISX is positioned to offer solutions via a single relationship and technical integration.



Unique IP. We have designed, developed and patented our key platforms inhouse. We can leverage our products to maximise our opportunities, without paying royalties or fees for core services.

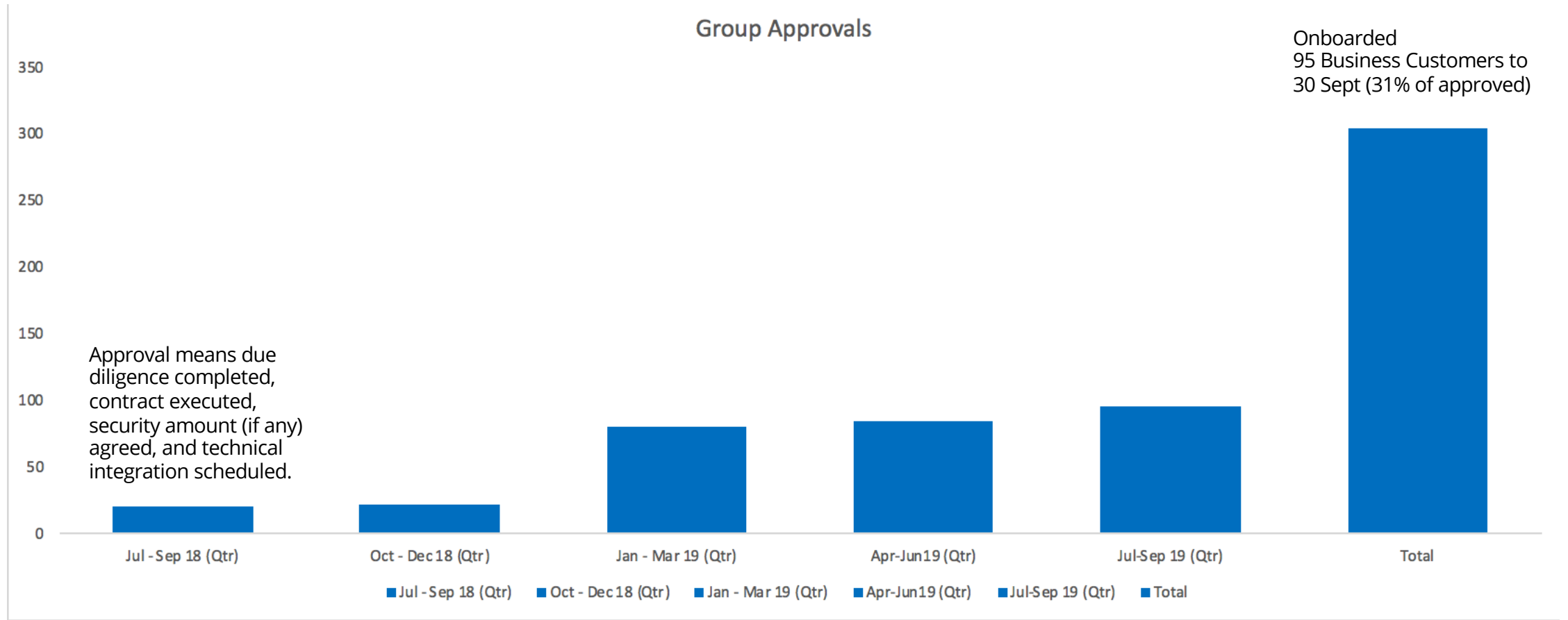
Ecosystem Financial Performance Q3 CY19 (FYE Dec)

Monthly EU+AU Paydentity Ecosystem GPTV (Annualised AUD\$)



- AUD\$ Gross Processed Transaction Volume (GPTV) continues to increase as further approved customers are onboarded to the network.
- Note that GPTV is subject to EUR/AUD exchange rate, with majority revenue derived in Euro (€).

Ecosystem Approvals Q3 CY19 (FYE Dec)



69% of our customers are in sectors that include general retail, video games, marketing, ecommerce etc.

31% of our customers are in sectors that include securities brokers, CFD, FX, banks, & digital currency exchange.

Of the 31%, approximately 1% is in gambling and 6.5% in providing payment services to digital currency exchanges.

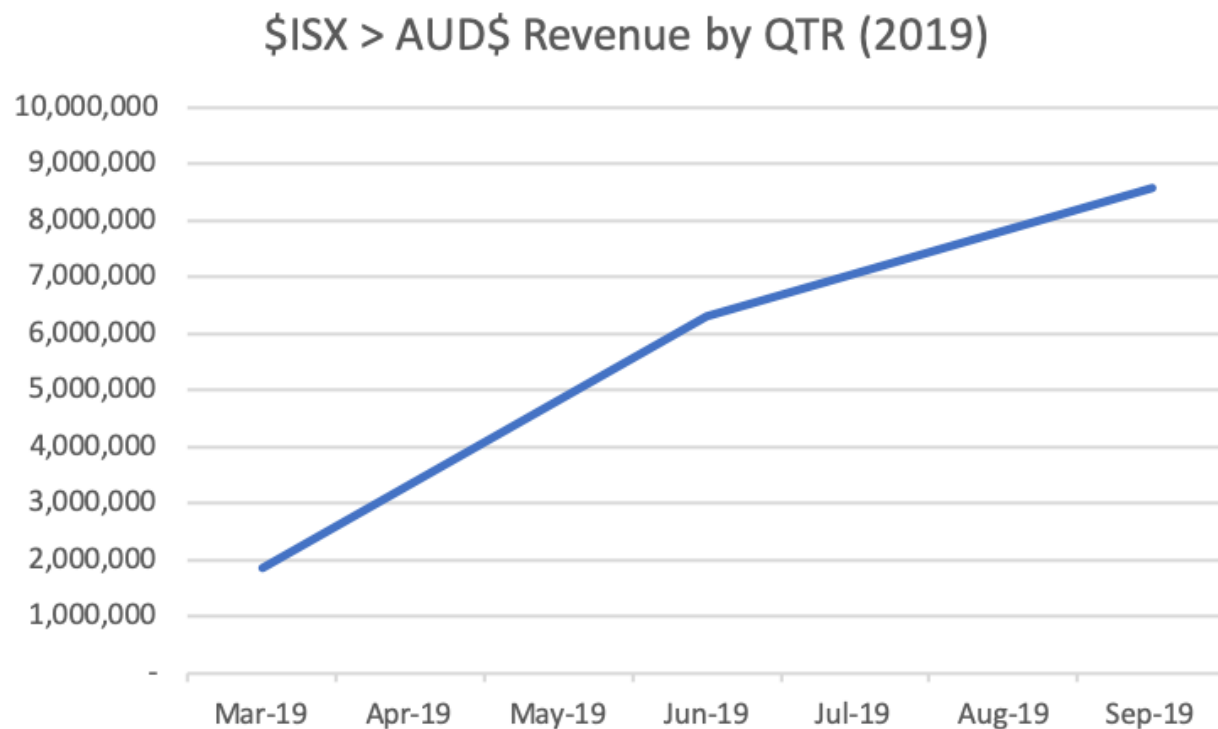
Group Q3 2019 (July - Sept) Financial Performance (Unaudited)

- **Operating Cashflow Positive (Q3) : \$1.067m**
- Cash Receipts : \$8.326m **UP**↑ 38.5% QoQ from \$6.01m (Q2 2019)
- 3Q2019 Revenues \$8.58m **UP**↑ 36% from \$6.3m 2Q2019
- **3rd QTR** 2019 Revenues \$8.58m **UP**↑ 5% on **1st HALF** 2019 Revenues : \$8.173m

- **Cash Security \$1.44m lodged with Visa Inc for licensing**
- Cash at Bank (End Q3): \$12.2m **UP**↑ 23% from Q2 (\$9.9m)
- Client Funds held : \$75m **UP**↑ 114% from Q2 (\$35m)
- MSF% (averaged over Q1-Q3) greater than 125bps

Note : MSF% = Merchant Services Fee is applied across each merchant / business Gross Processed Transaction Volume (GPTV) and is the gross profit for card services and EMA services combined. Note that card scheme interchange fees may lag revenues by up to 3 months. Merchants are charged a Merchant Discount Rate (MDR%) which includes MSF%, Acquirers Fees, Interchange Fees and Card Scheme Fees.

Group Q3 2019 (July - Sept) Financial Performance (Unaudited)



Cash Receipts	\$ (m)	% Change
Jan - Mar	1.40	
Apr - Jun	6.01	329%
Jul- Sep	8.32	39%
Total	15.73	

Revenues	\$ (m)	% Change
Jan - Mar	1.85	
Apr - Jun	6.32	242%
Jul- Sep	8.58	36%
Total	16.75	

Operating Cashflow	\$ (m)	% Change
Jan - Mar	-1.66	
Apr - Jun	1.35	Favourable
Jul- Sep (FCF Incl Visa)*	2.00	48%
Total	1.69	

*3Q included a YTD catch up on Visa interchange, excluding this cash flow from operating activities was +\$2.0m in the quarter

iSignthis Group Guidance (EBIT target cautiously maintained*)

- **Ecosystem MSF% : 3Q2019** *actual average* GP margin greater than 125bps
- **GPTV** Ecosystem aggregate is expected to recur annually, and grow with new merchants**.
- **Other Revenue Streams** : include Paydentity, Probanx, BBS, transaction fees, set up fees, transfer fees, spot FX fees, and interest earned.
- **Fixed Cost Base** – \$11.0m pa (staff/admin/leases) FY19 / projected into FY20
- **Licensing** : (Negligible) Contribution of ADI license factored into forecasts
- **CY/FY2019 EBIT Target** : ~AUD \$10.7m (excludes non cash items)

**revenue projections based on customer due diligence of existing contracts/ costs based upon scope of operations remaining substantially "as is". Does not take into account any costs associated with any M&A activity, strategic, product or regional expansion (if any), or increased operating costs / additional revenues arising therefrom unless revised / included by ISX.*

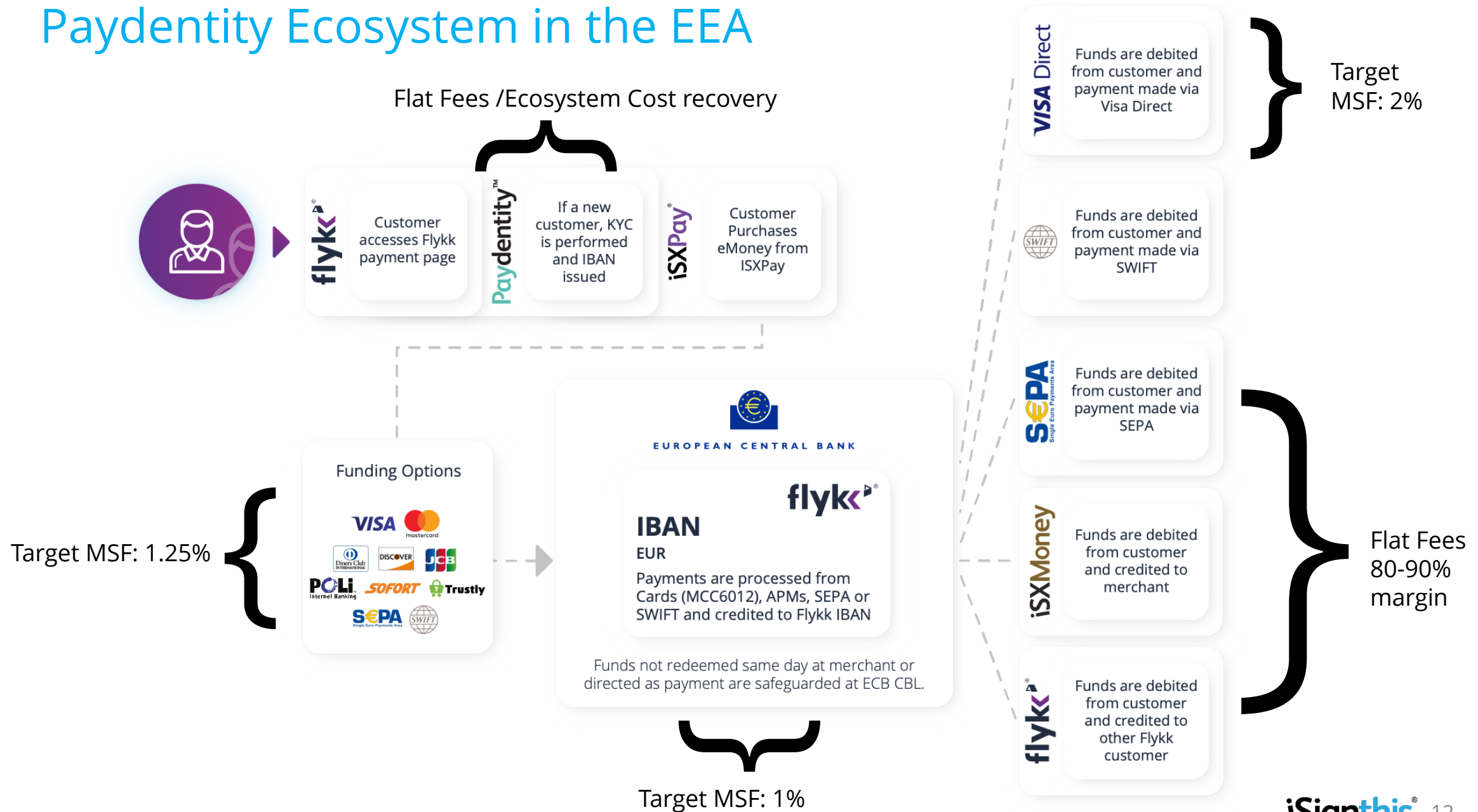
The Company's guidance is based upon the premise that the ASX and ASIC enquiries and ongoing suspension do not affect customer and partner confidence, and do not continue to divert senior management attention from the operation.

*** seasonal fluctuations per merchant anticipated within GPTV aggregate.*

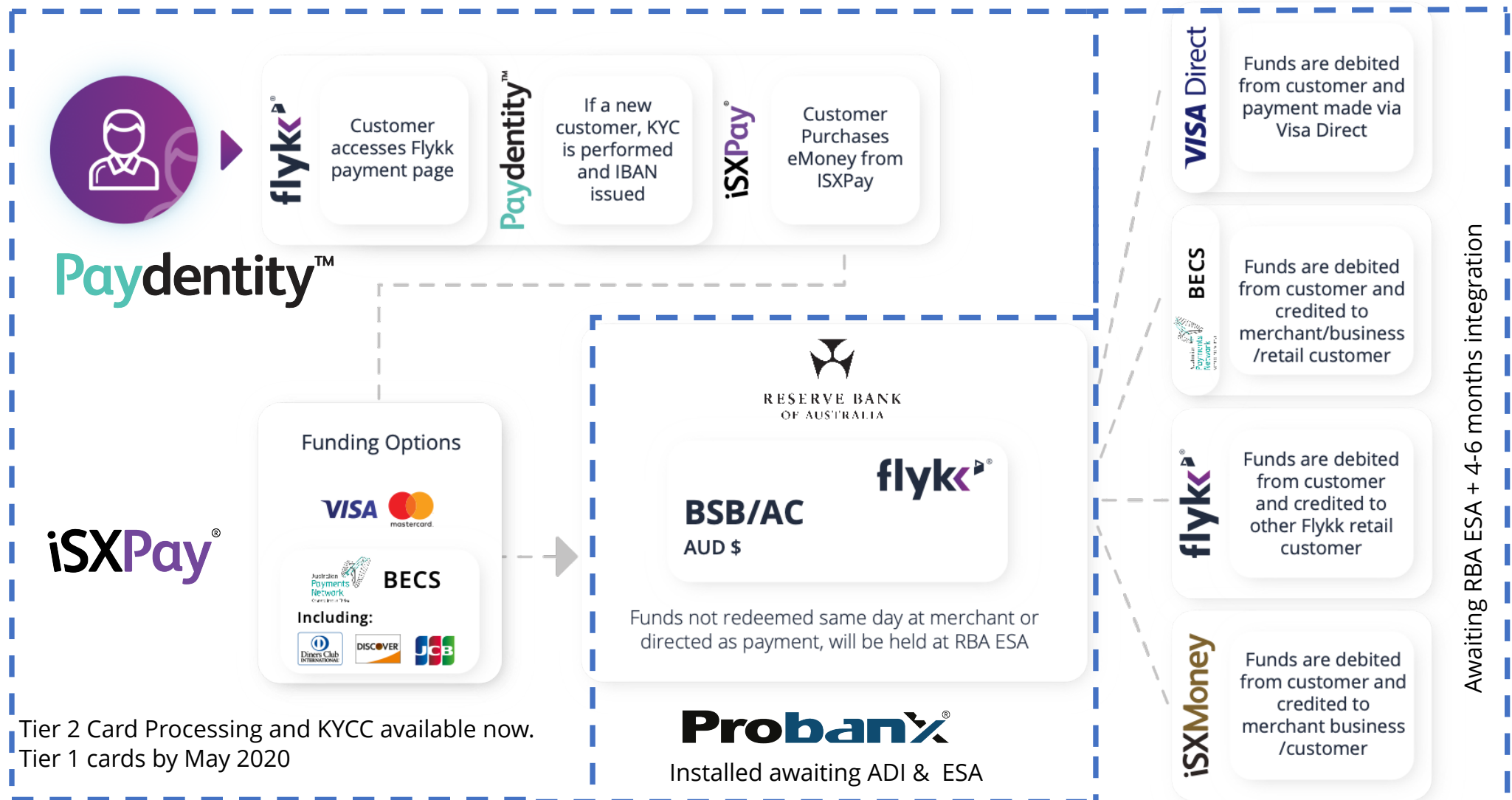
BUSINESS MODEL

Highly scalable, fast growth, low fixed cost model delivering positive cash flow.

Paydentity Ecosystem in the EEA



Paydentity Ecosystem in Australia



Tier 2 Card Processing and KYCC available now.
Tier 1 cards by May 2020

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Thank you

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