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3Q20 Appendix 4C and Business Activity Report

Melbourne, 27 October 2020: iSignthis Ltd (ISX) is pleased to announce its 6th consecutive positive quarterly operating cash flow contained in the Appendix 4C and our quarterly business activity report. The Company is profitable, with more than 110 staff between Australia, UK, Lithuania, Cyprus, Malta, Netherlands, and Israel.

- **Cash Receipts: $8.850m UP↑ 4.9% from previous $8.433m last quarter**
- **Costs $7.433m UP↑ 3.4% from $7.188m last quarter**
- **Net Cash from activities (normalised after tax payments): $1.732m UP↑ 8.1% from $1.602m last quarter**

Financial Analysis 3Q20

- 3Q20 is the Company's **6th quarter of positive operating cash flows**, with a +$0.4m quarterly result, inclusive of a $1.3m tax payment in Cyprus in the quarter, representing 18 months of tax payable in Cyprus.
- Cash balance at end of quarter was $16.7m in consolidated Group Cash, UP↑ 7.9 % from last quarter, with a $1.2m increase in the quarter mainly due to the return of card scheme security during the period.
- Client funds held decreased during the quarter to circa $70million, due to a slight reduction in customer confidence as a result of the ASX suspension.
- The Company made a further $0.3m investment in NSX Limited during the quarter.
- Costs related to the ASX legal proceedings in the quarter were circa $0.3m, taking the year to date legal and advisory costs for this matter to circa $1.330m.
- The Company's UK subsidiary, ISX Financial Ltd, was authorised by the UK's principal financial regulator, the Financial Conduct Authority, as an Electronic Money institution. The subsidiary was passported to all EEA member states, inclusive of a "full" payment license comprising all payment services available under the Payment Services Directive (including cash handling, cards, CT/DT's, credit, remittance, AISP and PISP)
- The Company's Probanx subsidiary progressed delivery of the digital ledger technology based digital exchange subregister system (DESS) platform to the ClearPay venture with the National Stock exchange of Australia (NSXA), including integration to the NASDAQ trade match engine. The Company's Paydentity integration to the NSXA platform has been scoped for commencement with a delivery target of March 2021.
- Payments for non executive directors fees and salaries for the quarter were $0.146m

Revenue Breakdown

- 3Q20 unaudited revenue was for the Group was circa $8.3m. The percentage of revenue derived from industry segments directed by ASX for reporting by ISX during the quarter is detailed below:
    - Options/CFDs/FX - 12%
    - Crypto/digital currency - 3%
    - Online gambling - 6%
    - Online video gaming - 42%
    - Credit providers - 7%
    - Travel services - 0%
    - Other - 30%

Authorised the CFO & Company Secretary, Elizabeth Warrell and Managing Director, NJKarantzis

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
ISIGNTHIS LTD	
ABN	**Quarter ended ("current quarter")**
93 075 419 715	30 SEPTEMBER 2020 – 3Q20

Consolidated statement of cash flows		**Current quarter 3Q20 - $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	8,850	27,164
1.2	Payments for		
	(a) research and development	(173)	(536)
	(b) product manufacturing and operating costs	(4,114)	(12,916)
	(c) advertising and marketing	(83)	(272)
	(d) leased assets	(95)	(197)
	(e) staff costs	(1,718)	(4,985)
	(f) administration and corporate costs	(1,250)	(4,506)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	43
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid (18 months back taxes)	(1,347)	(1,347)
1.7	Government grants and tax incentives	302	730
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**385**	**3,178**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(63)	(555)
	(d) investments	(320)	(6,020)
	(e) intellectual property	(698)	(1,938)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter 3Q20 - $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Cash contribution from Joint Venture partner)	-	1,888
	Other (Cash contribution from Joint Venture partner – non-controlling interest)	-	1,312
2.6	**Net cash from / (used in) investing activities**	**(1,081)**	**(5,313)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	361
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (merchant security received and card scheme membership security)	2,114	660
3.10	**Net cash from / (used in) financing activities**	**2,114**	**1,021**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,513	17,704
4.2	Net cash from / (used in) operating activities (item 1.9 above)	385	3,178

Consolidated statement of cash flows		Current quarter 3Q20 - $A'000	Year to date (9 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,081)	(5,313)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,114	1,021
4.5	Effect of movement in exchange rates on cash held	(183)	158
4.6	**Cash and cash equivalents at end of period**	**16,748**	**16,748**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	16,748	15,513
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,748**	**15,513**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(146)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	385
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,748
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	16,748
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A as cash from operating activities in item 8.1 is positive

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

27 October 2020

Date: .....

Elizabeth Warrell, Company Secretary

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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