

# Quarterly Investor Briefing

iSignthis®

30<sup>th</sup> April 2019 (Q1 2019 / FY 2019 ending 31<sup>st</sup> Dec)

## Presenters

John Karantzis, CEO

Todd Richards, CFO

James Cameron, CRO

*“ISX has now evolved into a wholesale **neobank**, differentiated by its unique digital identity and banking services for (regulated) businesses and financial institutions in Australia and the EEA.”*



EEA Authorised  
EMI #115.1.3.17



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ico.

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INTERNATIONAL

DISCOVER®

AGGREGATION  
PARTNER:



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# iSignthis Ltd

iSignthis is publicly listed on the Australian Securities and Frankfurt Stock Exchange (ASX : ISX | DE\_FRA : TA8).

**We are the only regulated business focused neobank, offering payments, eMoney deposit taking and identity verification across multiple jurisdictions.**

As a neobank, 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 and which will soon also be available in Australia.

**We provide services to cross border, regulated and high value businesses, which includes a complete customer onboarding solution, remote identity verification, credit scoring to payment processing, settlement, spot FX and deposit taking emoney services.**

Our inhouse developed Paydentity™, Probanx® and ISXPay® platforms make delivery of these services possible. We have identified more than 1.6m customers to a full AML KYC standard using our patented technology. Most of these customers would be considered high middle to upper income category or high net worth individuals.

The iSignthis Probanx® platform now underpins core banking and core networking software to more than 25 banks, credit unions, and payment institutions in North America, Asia Pacific and the EU/EEA, as well as to iSignthis itself in the EU and Australia (as an ADI applicant) .

# iSignthis Limited (ASX: ISX / DE : TA8) SWIFT / BIC : ISEMCY22

**iSignthis is the only regulated business focused neobank, offering payments, eMoney deposit taking and identity verification across multiple jurisdictions.**

Our inhouse developed Paydentity™, Probanx® and ISXPay® platforms make delivery of these services possible.

## Capital structure – Australian Securities Exchange

Ordinary shares - quoted on ASX 1,079,397,828\*

Performance Rights – staff (not as yet vested) 2,419,167

**Total Shares** (incl not as yet vested performance rights) **1,081,816,995**

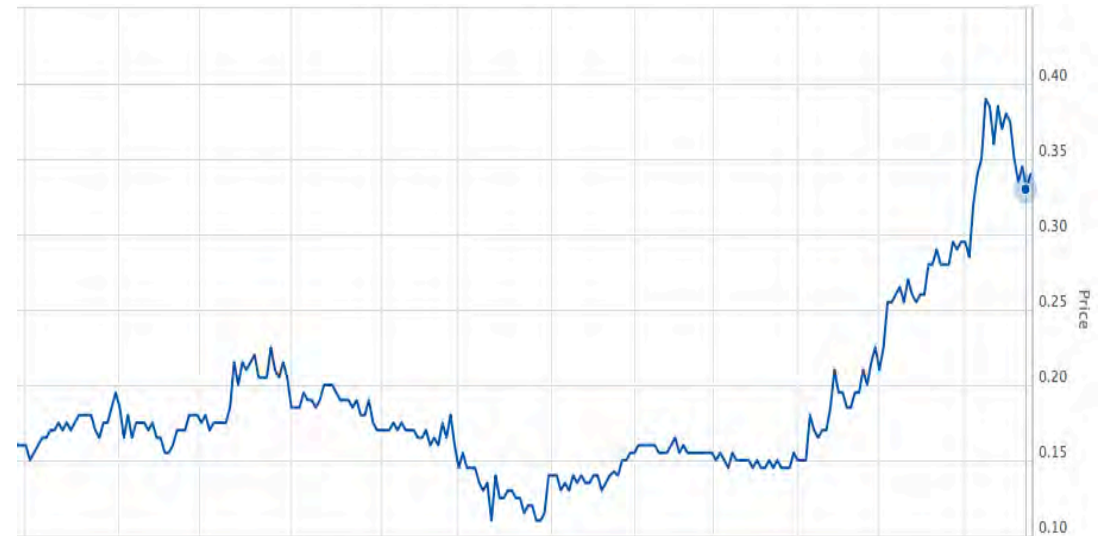
*Unlisted advisor options (various expiry and strike prices ) 14,282,035*

Share price (@ 4pm 30<sup>th</sup> April 2019) A\$0.355/share

Market Capitalisation\* A\$383m

(\*Market Capitalisation based on ASX quoted shares)

## Share Price Chart – past 12 months



# Achievements Q1 FY 2019 – iSignthis is set for Growth.

## January

- Commenced onboarding of merchants to our Tier 1 card processing facilities in the EU
- Moved off our costly 3<sup>rd</sup> party EU Tier 2 & 3 arrangements, reducing our COGS and simplifying operations.
- Extended our Intellectual Property portfolio (patents and trademarks)

## February

- Activated more than 12 merchants commence transacting on our Tier 1 processing network in the EU
- Completed acquisition of Baltic Banking Services (BBS) for core banking network technologies

## March

- FCA granted transitional UK “BREXIT” license to allow for continued operations in the UK.
- Integrated operations between Probanx® & BBS to contract first customer(s) to unified core banking & core networking solution
- Executed customer contracts for our regulated services exceed 100 (post customer due diligence & underwriting)
- Progressed Australian APRA regulated ADI license, ASIC AFSL & RBA ESA including satisfying a 3<sup>rd</sup> party APRA CPS234 security audit. ADI related CORE IT infrastructure now in place.

# Q1 FY 2019 Financial Performance

## iSignthis Group

- Revenues : \$1.85m **UP**↑ 56% from \$1.042m (from Q4 2018)
- Cash Receipts : \$1.4m **UP**↑ 55% from \$0.9m (from Q4 2018)
- Recurring costs consistent with budget expectations.
- One off (non recurring) costs this quarter included Scheme and APRA related infrastructure/audits/setup.

## ISXPay

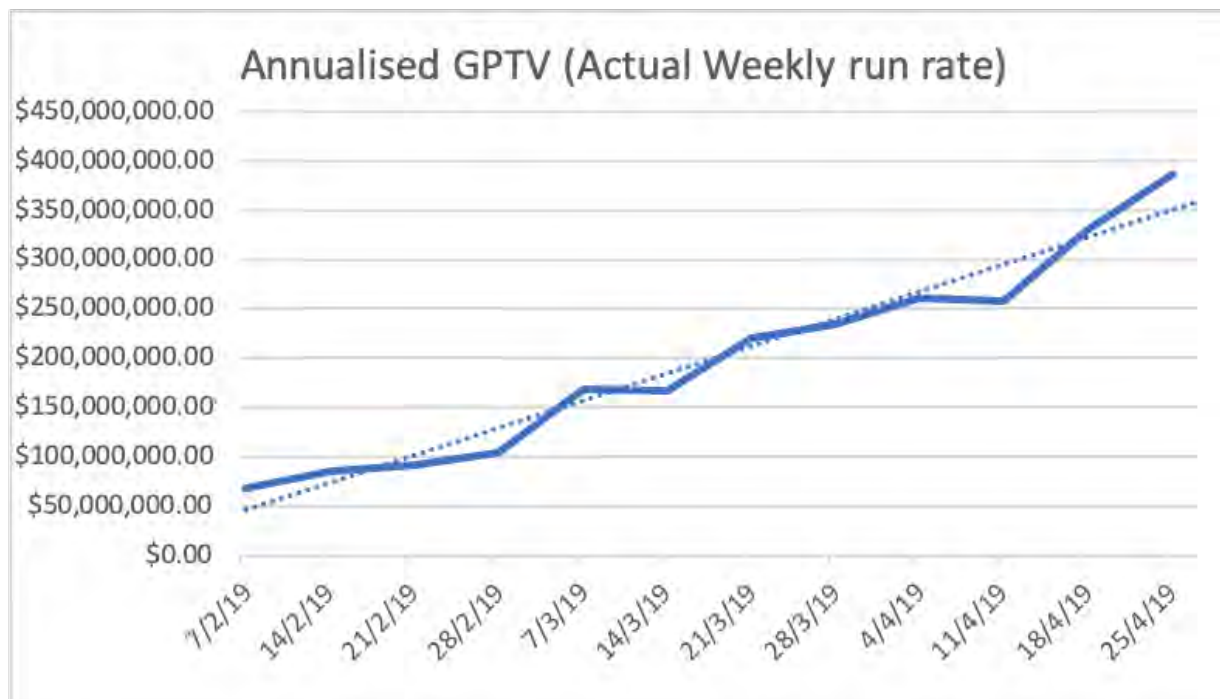
- Annualised GPTV \$380m (based on actual weekly run rate)
- MSF% (average) greater than 125bps
- ISXPay Card Processing : Gross Profit contribution of \$620k, with a major reduction in COGS

## Technology Group (Probanx + BBS)

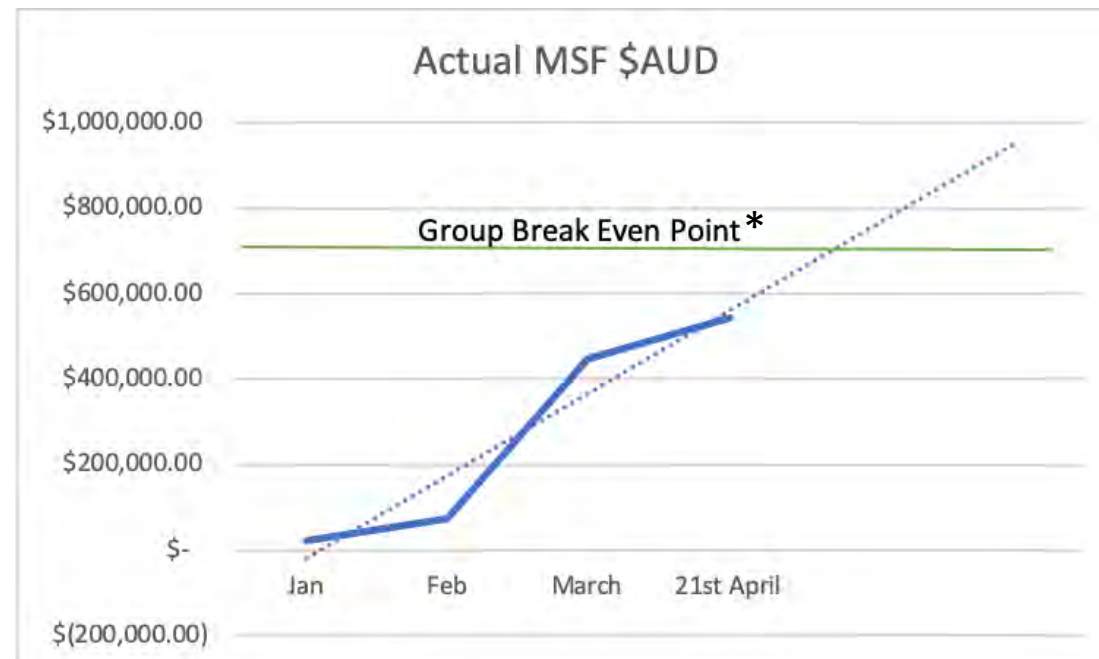
- Technology Group : Positive EBIT contribution of \$286k to group by Probanx + BBS

Note : MSF% = Merchant Services Fee is applied across each merchants Gross Processed Transaction Volume (GPTV) and is gross profit for card services

# Card Acquiring Performance Q1 FY2019



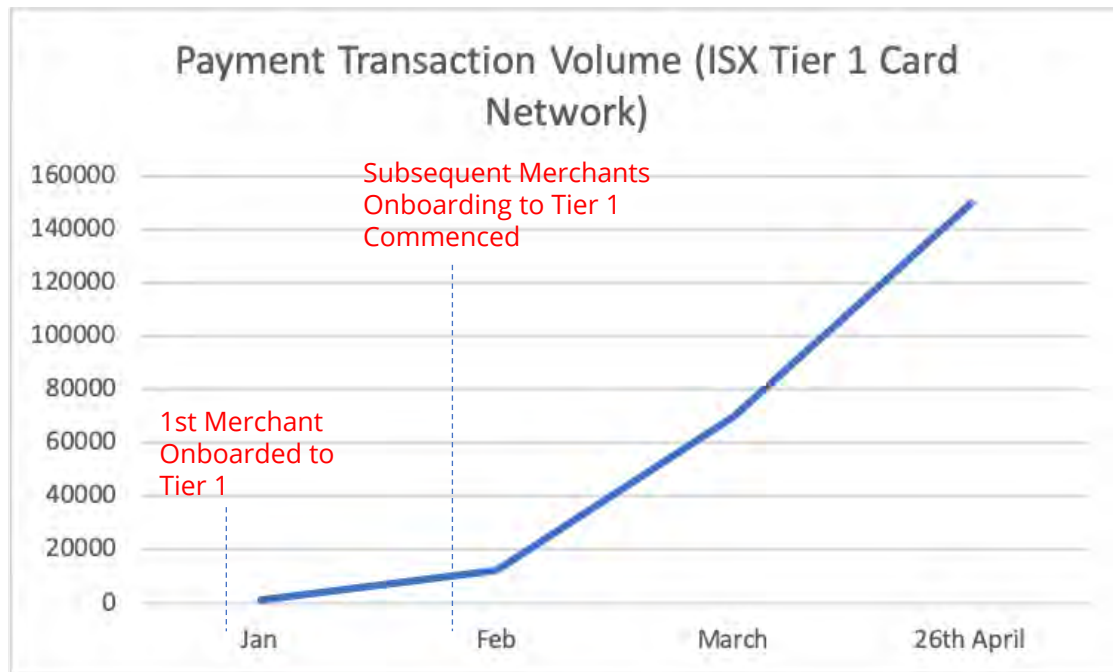
AUD\$ Gross Processed Transaction Volume (GPTV) on our Tier 1 (Principal member) network has increased 466% from 1<sup>st</sup> Jan to 26<sup>th</sup> April 2019



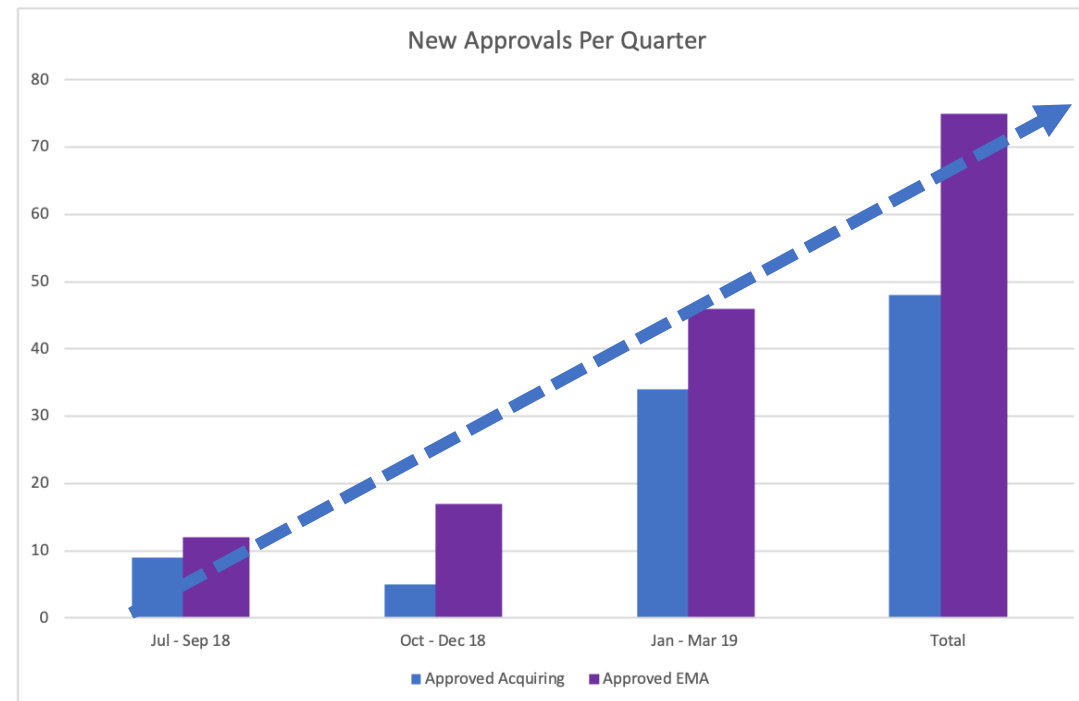
MSF is the gross profit contribution attributable to ISXPay providing card acquiring services. Above does not include gross profit contribution from Probanx, BBS, Paydentity and ancillary fees.

\*Group (operating) break even point excludes one off expenses and assumes no further strategic acquisitions, new product lines or expansion into additional regions.

# Financial Performance Q1 FY2019



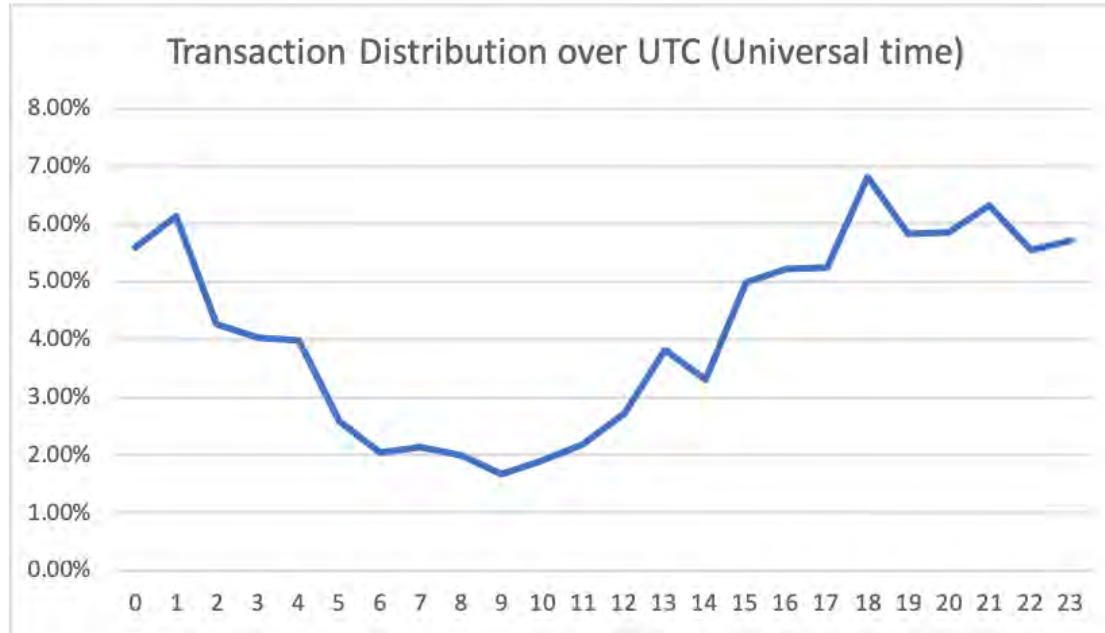
Monthly Transaction Growth of 1116% from 1<sup>st</sup> Feb to 26<sup>th</sup> April 2019



New Customer Approvals up 171% from previous quarter (Q4 FY18)



# Network Performance



Daily Snapshot of transactions over a 24hr cycle (averaged for the quarter incl. up to 26<sup>th</sup> April)



Overall network traffic and management of changeover from 3<sup>rd</sup> party Tier2 to own Tier 1 networks.

## iSignthis Group Guidance (EBIT target restated “as is”)

- **Card Processing/ Acquiring** : 1<sup>st</sup> Quarter actual average GP margin greater than 125bps (MSF%). GPTV is expected to *at least* recur annually per merchant, and grow with new merchants.
- **eMoney accounts (EMA)** : average GP margin of 100bps (EMA%).
- **Other Revenue Streams** : include Paydentity, Probanx, BBS, fixed fees, set up charges, transfer fees, FX fees.
- **Cost Base** – now increased to circa \$8.75m pa to include Probanx, BBS and new product initiatives (but offset by new revenue streams of Probanx and BBS).
- **Licensing** : Contribution of ADI license from late Q2 factored into forecasts.
- **CY/FY2019 EBIT Target : ~AUD \$10.7m**

\*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 one off costs associated with strategic, product or regional expansion (if any), or increased operating costs / additional revenues arising therefrom .

# Thank you

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**iSignthis<sup>®</sup>**

# Principal Member of Major Card & Payment Schemes

## A principal member of:

- Visa
- Mastercard
- JCB
- CUP/UIP
- AMEX
- Diners Club
- Discover



As we move towards finalising ChinaUnionPay, Amex, Diners and Discover technical integrations, iSignthis will have a world class card payment channel capability, that boasts not only being more extensive than Australia's Big 4 banks, but is comparable to card payment channel capability offered by the world's largest banks.

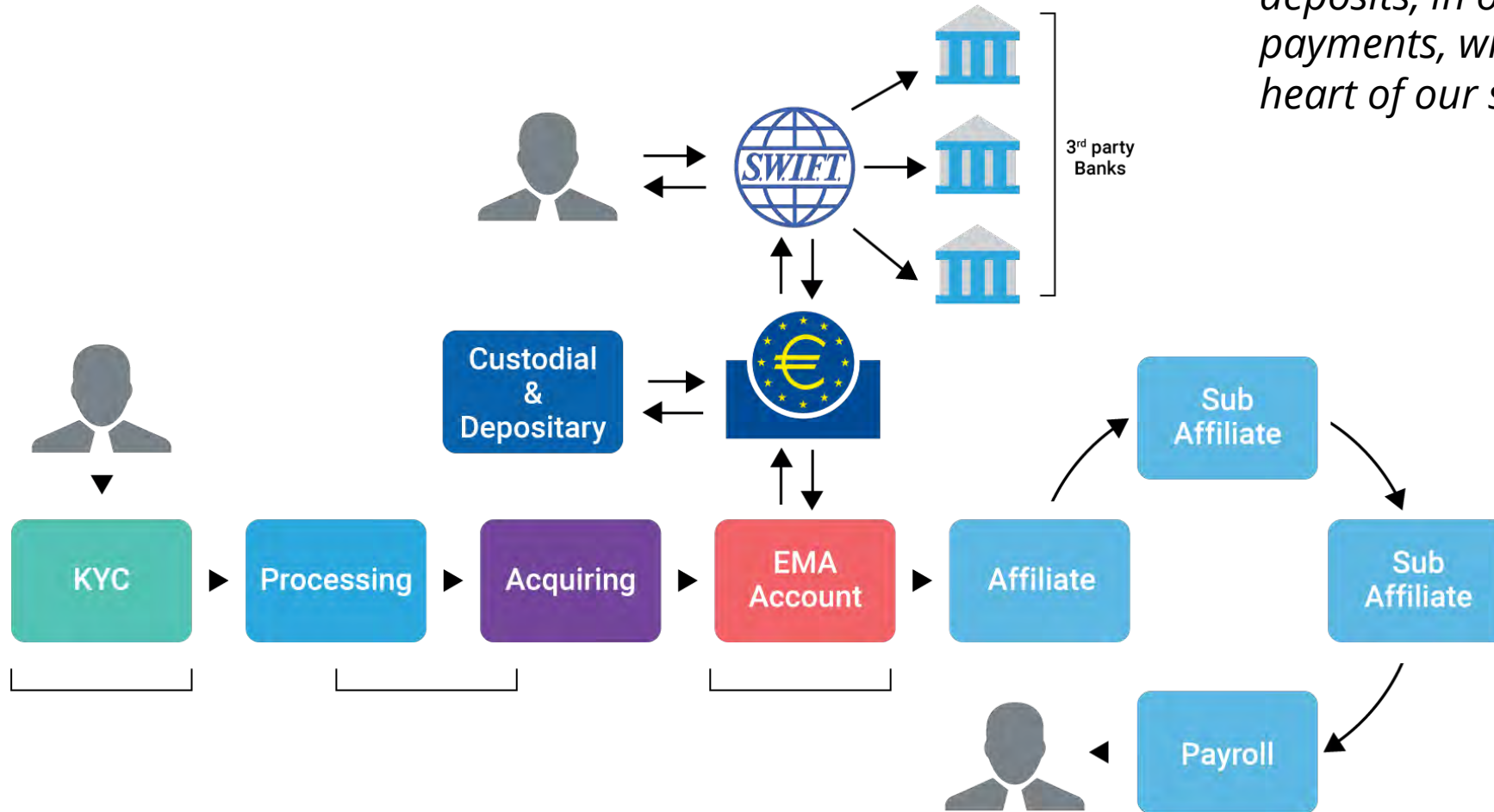
## Bank to Bank Capabilities

- SWIFT
- SEPA CT
- SEPA DD
- SEPA B2B
- SEPA Instant
- EFT
- BPAY



# What do we do?

*“We process payments and take deposits, in order to fund future payments, with Paydentity at the heart of our service”*



PRINCIPAL MEMBER



# iSignthis Ltd – European Regulatory & Scheme Status



CENTRAL BANK OF CYPRUS  
EUROSYSTEM



LIETUVOS BANKAS  
EUROSISTEMA

eMoney and Payment Services authorisation granted March 2017.  
Passported to all EEA member states. Central Banking + issue of IBAN's.



Finalising submissions for use of Company's patented solutions for September 2019 PSD2 Strong Customer Authentication mandate. Further unique advantages to be exploited for additional revenue streams.



european cards stakeholders group

Voting Board member of the <https://www.e-csg.eu/about>



Single Euro Payments Area

Scheme participant alongside 4300 other interconnected EEA banks



Scheme participant with SWIFT BIC ISEMCY22XXX.

# iSignthis Ltd – Australian ADI application Update



APRA

Licensing as an ADI anticipated late Q2 2019



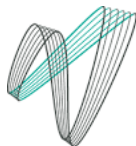
**ASIC**  
Australian Securities &  
Investments Commission

AFSL application lodged late August 2018 (with ADI).  
Expecting license issue contemporaneous with ADI  
license.



RESERVE BANK OF AUSTRALIA

Exchange settlement Account (ESA) anticipated Q2.



Australian  
**Payments Network**  
Connect Inspire Thrive

Membership & access to core payments systems  
(BECS + BSB allocation) subject to ADI license or ESA



Australian Financial  
Complaints Authority

Member.

# What's unique about iSignthis?

**Onboarding speed and reach is critical.** Paydentity provide a means for banked/financially included customers to be 'passported' to other financial services. Paydentity can reach, identify, verify and take payment at the same time from 4.2bn persons, or 69% or the worlds population. A poor onboarding process can deter more than 80% of prospective customers, especially when regulatory requirements such as AML/CFT Know Your Customer apply.

**Speed to checkout and payment choice are critical too.** ISXPay peers the leading global payment service providers globally, and is far more advance than any other Australian Bank. ISXPay has reached terms with all the 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** is emerging as the next most 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.

**Serious Multi-currency choice** – we offer between 16-23 currencies natively to our merchants, such that they can accept and we will settle in many of the worlds most popular currencies (with some exotics!)

**Deposit taking capability**, IBAN accounts, zero credit risk facilities with Eurosystem Authorised central banking. Use of IBAN account to link all the above services via a customer.

**Multi Region Capabilities** – our customers primarily operate in the UK, the EEA and Australia. ISX is positioned to offer solutions via a single relationship and technical integration.

**Our own technology** : We've researched, patented, designed and developed our own key platforms inhouse. We can leverage our products to maximise our opportunities, without paying royalties & fees for core services.



# Technology Group : Probanx Systems Ltd & UAB Baltic Banking Services (BBS)

iSignthis is now a leading provider in cloud based core banking & networking. The iSignthis technology group services financial institutions by offering a complete CORE banking banking software solution (CorePLUS®) together with CoreConnect networking. The services are available as SaaS, leasing and licensing.



Corporate  
Banking



Retail  
Banking



Payment  
Institutions



Private  
Banking



Electronic Money  
Institutions

The iSignthis technology group brings together the strengths of Probanx and BBS, and now supplies CORE banking solutions and networking software to more than 25 banks, credit unions, EMI's & payment institutions across the **EMEA, APAC and Oceania**.

