

# FY2019 Q2 (H1) Investor Update

iSignthis®

30<sup>th</sup> July 2019

Presenter

John Karantzis, CEO

*“ISX is 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



BÖRSE  
FRANKFURT

ico.

PRINCIPAL  
MEMBER:

VISA



DISCOVER®

AGGREGATION  
PARTNER:



# iSignthis Ltd

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

## **We provide payments, eMoney and 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.

## **iSignthis services include a complete customer onboarding solution via remote KYCC (Know Your Customer's Customer), payment processing, settlement, spot FX, IBAN accounts and eMoney services. We provide these services to cross border, regulated and high value businesses.**

iSignthis' inhouse developed ISXPay®, Paydentity™, Probanx® CorePlus and CoreConnect platforms allow us to deliver a financial ecosystem, that provides advanced services to both merchants and retail customers.

Capital structure – Australian Securities Exchange

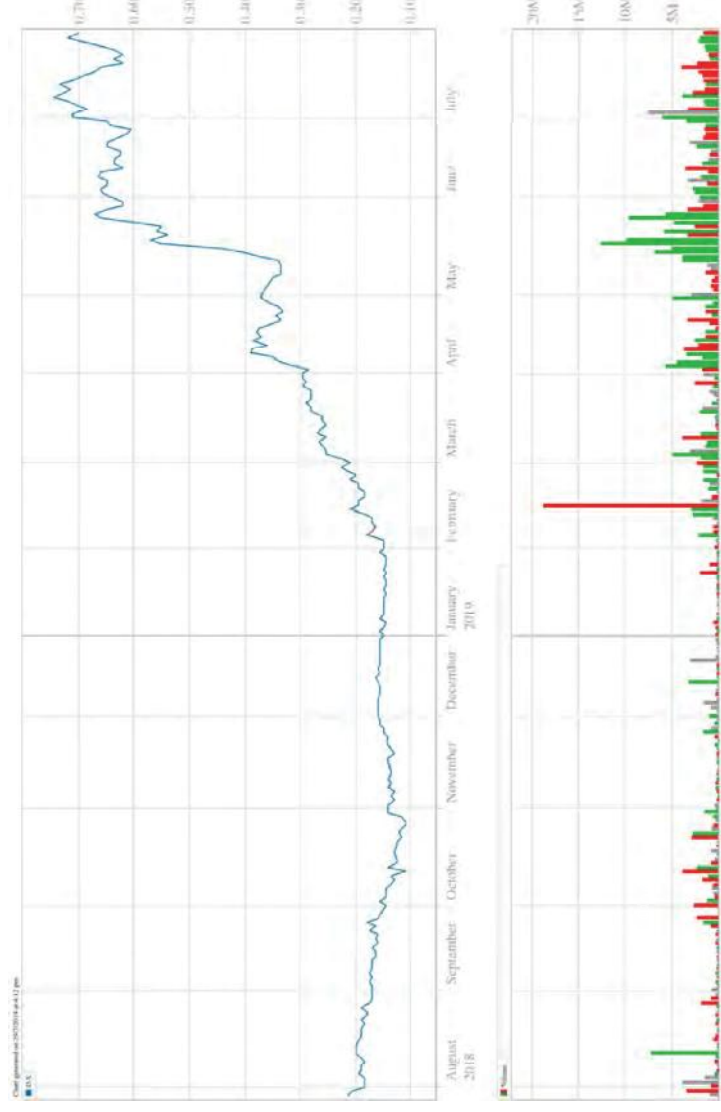
Ordinary shares - quoted on ASX **1,089,005,828\***  
 Performance Rights – staff (not as yet vested) 5,844,667

**Total Shares** (incl not as yet vested performance rights) **1,094,850,495**  
*Unlisted advisor options (various expiry and strike prices)* 4,658,773

Share price (@ 4pm 29<sup>th</sup> July 2019) A\$0.705/share  
 Share Price 52 Week High : A\$0.765/share  
 Market Capitalisation\* **A\$762m**

(\*Market Capitalisation based on ASX quoted shares & 29 July Share Price)

ASX Share Price Chart – past 12 months



## Q2 2019 (Apr – Jun) Financial Performance (Unaudited)

### iSignthis Group

- Q2 Revenues : \$6.3m **UP** 240 % from \$1.85m (from Q1 2019)
- 1H2019 Revenues : \$8.173m
- Cash Receipts : \$6.01m **UP** 329% from \$1.4m (from Q1 2019)
- Operating Cashflow Positive (Q2) : \$1.357m
- Cash at Bank (End Q2) : \$9.99m (Does not include additional \$3.1m received in early July from exercise of unlisted options)
- Operational recurring costs slightly higher, consistent with capturing additional revenue growth opportunities
- One off (non recurring) costs this quarter included final APRA related setup costs \$100k
- Executive team enhanced with new CFO (to be announced) and a number of further C-level appointments imminent

### ISXPay

- Annualised GPTV \$690m (19/7/19) > up 81% from end Q1 GTPV of \$380m (based on actual weekly run rate)
- MSF% (average) greater than 125bps

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

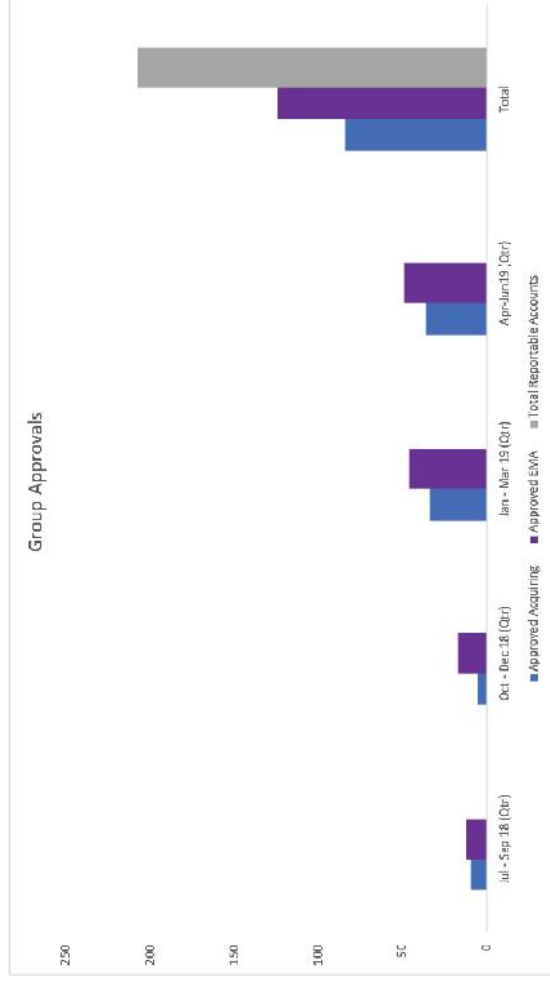
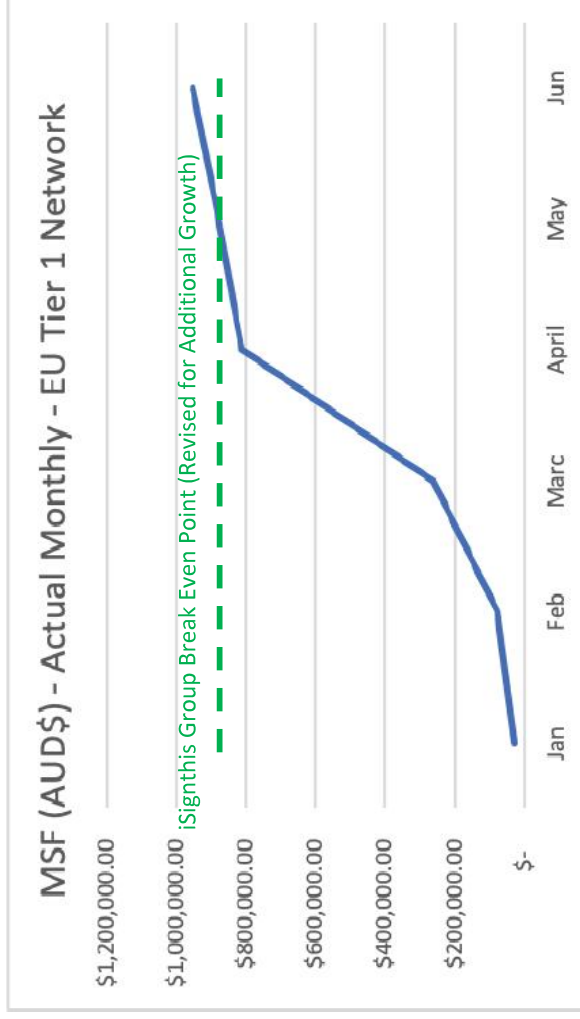
## Card Acquiring Financial Performance Q2 CY19 (Dec y/e)



AUD\$ Gross Processed Transaction Volume (GPTV) on our Tier 1 (Principal member) network has remained steady. No new merchants have been onboarded between the designated 'verification' period, which allowed for manual verification of both a) automated SWIFT inflow systems and b) commencement of card reconciliation and Merchant Settlement Systems (MSS) verification.

MSS has been designed and built by ISX to suit its particular commercial model, and automate settlement across multiple payment channels. MSS will allow the business to scale and further onboard additional future merchants and those that have already been contracted and underwritten.

## Card Acquiring Financial Performance Q2 CY19 (Dec y/e)



- MSF is the gross profit contribution attributable to ISXPay providing card acquiring services.
- The chart above does not include gross profit contribution from Probanx, BBS, Paydensity, AU operations 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.

- New Customer Approvals (Actual) Q2 2019 consistent with previous quarter Q1 FY19.
- Existing merchant annual KYB/KYC cycle has now also commenced.
- Approvals does not include backlog of merchants yet to be underwritten.

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

- **Card Processing/ Acquiring : 1H2019 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, transaction fees, set up fees, transfer fees, spot FX fees, and interest earned from operational banking activities
- **Cost Base** – has been revised +25% to circa \$11.0m pa (from \$8.75m) to include additional new product initiatives and allow us to capture further revenue generating opportunities
- **Licensing** : (Negligible) Contribution of ADI license factored into forecasts
- **CY/FY2019 EBITDA 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.

iSignthis®

Business Model



# iSignthis Ltd – European Regulatory & Scheme Status



CENTRAL BANK OF CYPRUS  
EUROSYSTEM



LIETUVOS BANKAS  
EUROSYSTEM



European  
Banking  
Authority



european cards stakeholders group



Single Euro Payments Area



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.

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

Scheme participant alongside 4300 other interconnected EEA banks

Scheme participant with SWIFT BIC ISEMCY22XXX.

# iSignthis Ltd – Australian ADI application Update



Licensing as an ADI anticipated Q3 2019 (Sept qtr)

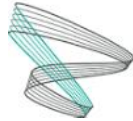


AFLS application lodged late August 2018 (with ADI application). Expecting license issue contemporaneous with ADI license.



RESERVE BANK OF AUSTRALIA

Exchange settlement Account (ESA) anticipated Q3 2019.



Australian  
**Payments Network**  
Connect Inspire Thrive

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



**afca**  
Australian Financial  
Complaints Authority

Member

# 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.

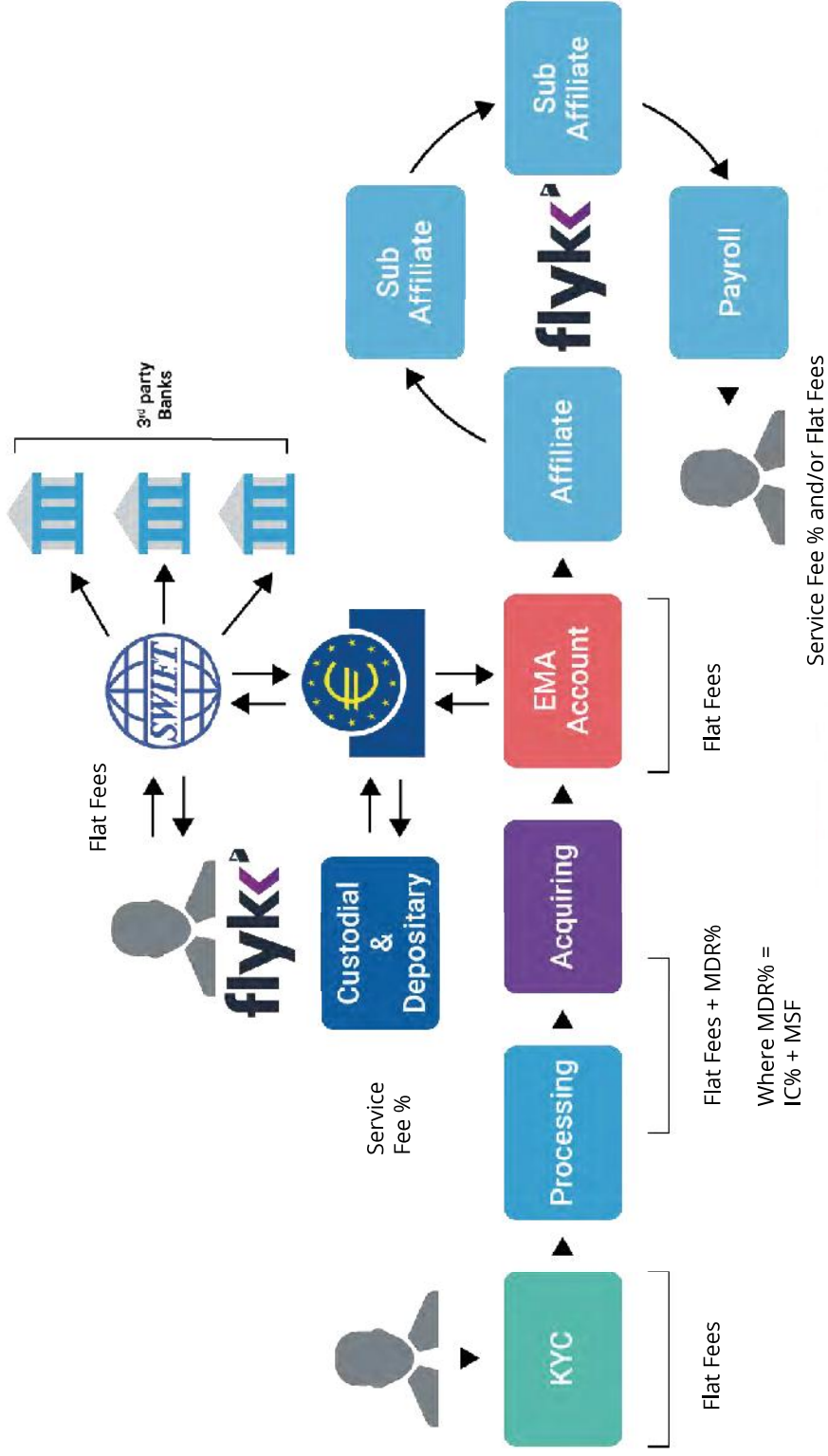
## Bank to Bank Capabilities

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



# What do we do?

Payidentity™ ecosystem



## 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% of the worlds population. A poor onboarding process can deter more than 80% of prospective customers 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.



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