

13 September 2019

Dean Litis  
ASX Limited  
Level 4, North Tower, Rialto Towers  
525 Collins St  
MELBOURNE VIC 3000

Dear Mr Litis,

**ISIGNTHIS LTD (ASX: ISX)**

I refer to your letter dated 12 September 2019 in regard to the volume traded and the change in price of the securities of iSignthis Ltd (Entity) that has occurred in the period from Wednesday, 11 September 2019 through to Thursday, 12 September 2019.

Using the numbering outlined in your letter, the Entity responds to the questions outlined in your correspondence as follows;

1. No. The Company has made announcements in accordance with continuous disclosure requirements. The latest update on GPTV dated 9<sup>th</sup> September 2019 remains supportive of the earnings guidance.
2. Not applicable.
3. Yes. The Company's attention has been drawn to a report authored by **James Samson, CFA & Dean Paatsch** on the 10 September 2019 and circulated by **Ownership Matters Pty Ltd, ABN 95 152 996 739 AFSL 423168** ("Ownership Matters") to a number of shareholders of the Company, and likely other parties, as reported in today's *Australian Financial Review* by Yolanda Redrup and the *Sydney Morning Herald* by Colin Kruger.

The Company was not invited to comment by Ownership Matters during the drafting of the above report, and to date has still not received the report from Ownership Matters itself.

The report appears to rely upon a number of inferences and draws unverified conclusions that, in the Company's opinion, are inconsistent with public disclosures made by the Company on the ASX platform.

Whilst the report raises "Questions for ISX regarding ownership and related party transactions:", Ownership Matters elected to publish the report without seeking answers to these questions from the Company. The questions appear to be phrased so as to infer disclosure concerns however, the core matters

have already been addressed by the Company's public disclosures to the ASX or are verifiable by information in the public domain.

The Company also firmly rebuts the allegations that the ownership of iSignthis Ltd is "opaque", with full disclosure of director interest and substantial holder interests having been made to the ASX per continuous disclosure requirements. The directors, subsequent to the grant of the performance rights to the vendor iSignthis Ltd (BVI), now hold their beneficial interests in separate entities each, as have been fully disclosed to the market on the 6<sup>th</sup> September 2018.

The report further asserts that the Company should comment on reasons for certain shareholders trading in the Company's securities. As the shareholders in question are not directors of the Company, the Company has no basis upon which it would comment, noting that securities in a public company are traded by shareholders other than directors without reference to the company itself.

The report further asserts that the performance rights issued to the vendor iSignthis Ltd (BVI), under the terms of the prospectus were met by only \$1347.

This is factually incorrect, as revenue includes interest and R&D grant. The relevant revenue figures were total annual audited Revenue as at 30 June 2018 was \$6,338,969 and the audited revenue to the six-month half to June was \$5,512,057.

**The prospectus milestone targets for performance rights were thus met by more than \$512,057, not \$1,347 as claimed by Ownership Matters.**

Excluding interest and the R&D grant, the revenue figures are Total Annual Audited Revenue as at 30 June 2018 was \$5,800,846

The issue of Class A, B and C Performance Shares were subject to the Company meeting revenue targets of \$2,500,000, \$3,750,000 and \$5,000,000 over a half year.

The Class C Performance shares made up one third of the total performance shares issued and vested upon the upper revenue Milestone target being reached. Class A and Class B shares, comprising two thirds of the Performance Rights, were at significantly lower revenue Milestones, and were readily achieved.

The report goes on to allege that the "after the revenue hurdle was met, ISX changed the balance date from 30 June to December 31st", when the performance rights milestone date was 30th June per prospectus, and independent of any reporting date or change thereto.

As advised to the ASX on the 24<sup>th</sup> April 2018, the reporting date was changed to a calendar year basis in order to streamline our audit and reporting requirements as a licensed monetary financial institution in the European Economic Area, and to harmonise audit periods between jurisdictions.

It should also be noted that the report by Ownership Matters specifically states, "*Ownership Matters has not independently verified information contained in this document which is derived from publicly available sources and engagement with issuers and their representatives.... Ownership Matters does not provide any warranty as to the accuracy, reliability or completeness any information which is contained in this document.*"

The Company will refer the matter and conduct of Ownership Matters to ASIC and will update the market once it has had the opportunity to consider the contents of the above report fully and what further action may be available to it.

4. The Entity considers that it is in compliance with the ASX Listing Rules including Listing Rule 3.1.
5. We confirm that this is the case.

Yours Sincerely



Todd Richards  
Company Secretary



12 September 2019

Reference: ODIN07043

Mr Todd Richards  
Company Secretary  
iSignthis Ltd  
456 Victoria Parade  
East Melbourne VIC 3002

By email: todd.richards@isignthis.com

Dear Mr Richards

### **ISIGNTHIS LIMITED ('ISX'): Price Query**

We note the change in the price of ISX's securities from a high of \$1.66 yesterday, 11 September 2019 to a low of \$0.90 today.

We also note the significant increase in the volume of ISX's securities traded today.

### **Request for Information**

In light of this, ASX asks ISX to respond separately to each of the following questions and requests for information:

1. Is ISX aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please consider in particular whether ISX is aware of any information that its earnings guidance provided in its announcement of 28 August 2019, 'Half Yearly Report and Accounts', is likely to differ materially (downwards or upwards).

2. If the answer to question 1 is "yes".
  - (a) Is ISX relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ISX's securities would suggest to ASX that such information may have ceased to be confidential and therefore ISX may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
  - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
  - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that ISX may have for the recent trading in its securities?
4. Please confirm that ISX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that ISX's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ISX with delegated authority from the board to respond to ASX on disclosure matters.

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### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Friday, 13 September 2019**. If we do not have your response by then, ASX will likely suspend trading in ISX's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ISX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsComplianceMelbourne@asx.com.au](mailto:ListingsComplianceMelbourne@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to ISX's obligations under Listing Rules 3.1 and 3.1A and also to *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that ISX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in ISX's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in *Guidance Note 16 Trading Halts & Voluntary Suspensions*.

### Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in ISX's securities under Listing Rule 17.3.

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**Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Dean Litis**

Principal Adviser, Listings Compliance (Melbourne)