

iSignthis restates funds held on behalf of merchants

Melbourne, 24th September 2019, iSignthis Ltd (“the Company” or “ISX”) is aware of an upcoming media release by ASIC.

The Company has been working proactively with ASIC, and **has previously disclosed the matter of client funds** (i.e. not company funds) of two Australian Financial Services Licensed (AFSL) merchants being moved from ‘on balance sheet’ to ‘off balance sheet’, per Page 11 of ISX’s Half Yearly Report announced 28th August 2019.

The treatment of the client funds related to these two merchants is consistent with the position agreed between the Company and ASIC. The situation has arisen due to the unusual circumstances of ASIC having been successful in Federal Court to freeze the funds of these two merchants, which funds are held by the Company. This in turn has resulted in a \$4.7m balance sheet adjustment of client funds held as at 31st December 2018.

The Company continues to hold these client funds, awaiting further instructions from ASIC via the Court, or until the Court orders are lifted.

These merchants are no longer active customers of iSignthis, with the processing of transactions and revenue generation ceased over a year ago in March 2018. The current actual GPTV figures and EBIT projections do not include these merchants.

The Court action by ASIC and the freezing of funds has not impacted the Company’s P&L in any way, and the Company’s net assets on the balance sheet remain unchanged. The Company now holds more than \$34m in other client funds on balance sheet at 30 June 2019 (a rise from \$4.3m in restated client funds held by the Company as at 31 December 2018).

Compliance with AML Regulations

The Company further reiterates that it operates an extensive AML/CFT program, that includes its Paydentity™ Know your Customers Customer (KYCC) platform, which is real time integrated with its ISXPay® transactional processing system. The Company continues to process transactions at a growing rate, and is proactively working with regulators to ensure that it adheres or exceeds regulatory requirements during this growth phase. The ISXPay® daily transactional count is now well in excess of 15,000 transactions per day (business day average).

As part of the AML transactional monitoring process, the Company reports key statistics to regulators on a monthly basis, including client funds, fraud statistics. The Company routinely raises suspicious matter / activity (SMRs / SARs) reports to its regulators as they occur. As part of that process, iSignthis will also continue to report SAR’s for incoming and outgoing SWIFT & SEPA international transfers, in cooperation with its banking partners. SWIFT & SEPA volumes are generally less than a 100 per day, with value being on average higher ISXPay® transactions as they are principally gross settlements inbound from card schemes, or settlements out to merchants.

About iSignthis Ltd

Australian Securities and Frankfurt Stock Exchange listed iSignthis Ltd (ASX: ISX | FRA: TA8) delivers remote identity verification and payment authentication coupled with emoney, transactional banking, IBAN issue and payment processing capability. iSignthis provides an end-to-end on-boarding service for merchants, with a unified payment and identity service via our Paydentity™ and ISXPay® solutions.

By converging payments and identity, iSignthis delivers regulatory compliance to an enhanced customer due diligence standard, offering global reach to any of the world's 4.2Bn 'bank verified' card or account holders, that can be remotely on-boarded to meet the Customer Due Diligence requirements of AML regulated merchants in as little as 3 to 5 minutes. Paydentity™ has now onboarded and verified more than 1.65m persons to an AML KYC standard.

- **iSignthis Paydentity™** service is the trusted back office solution for regulated entities, allowing merchants to stay ahead of the regulatory curve, and focus on growing their core business. iSignthis' subsidiary, iSignthis eMoney Ltd, trades as ISXPay®, and is an EEA authorised eMoney Monetary Financial Institution, offering card acquiring in the EEA, and Australia.
- **ISXPay®** is a principal member of Visa Inc, Mastercard Inc, Diners, Discover, (China) Union Pay International and JCB International, an American Express aggregator, and provides merchants with access to payments via alternative methods including SEPA, Poli Payments, Sofort, Trustly, WeChat, AliPay and others.
- **UAB Baltic Banking Service, ("BBS")** a wholly owned subsidiary of iSignthis Ltd, provides API based access to SEPA Core, SEPA Instant and SEPA business schemes ("CoreConnect"), for neobanks, banks, credit unions and emoney institutions, and provides a bridge to the Central Bank of Lithuania's CENTROLINK service. suite, with BBS contracted to deliver these services to a number of regulated entities.
- **Probanx Information Systems Ltd (Probanx®)**, a wholly owned subsidiary of iSignthis Ltd, is an international banking software company which has been serving the banking industry since the year 2000 by developing comprehensive banking software solutions to financial institutions around the globe. Probanx offers web-based banking solutions using the latest technology and international standard business rules. Our customers are located on five continents and supported from our technical centres in Europe and Australia. iSignthis' Probanx delivers core banking software, including a fully comprehensive and versatile banking solution for retail, corporate and private banks, emoney and payment institutions, offering capabilities that up until now were affordable only by large commercial banks.

Read more about the company at our website www.isignthis.com, <https://www.bbsservice.lt/en/> and www.probanx.com

EU Investor Relations: Dr. Eva Reuter, e.reuter@dr-reuter.eu, +49 (0) 69 1532 5857

AU Investor Relations: Chris Northwood, chris.northwood@isignthis.com, +61 458 809 177