

April 30th, 2020, Melbourne

Letter to Shareholders - Federal Court Action

Dear Shareholder

iSignthis Ltd (ASX: ISX | FRA: TA8) ("the Company") acknowledges today's decision of the Federal Court of Australia to not grant the Company interlocutory relief in its legal case against the ASX.

ISX sought the injunction because it continues to have serious concerns about the investigative process by the ASX.

While disappointed not to be granted an injunction against the release of the ASX's "Statement of Reasons", which the Company argued contains a number of erroneous and unwarranted conclusions, ISX welcomes a number of statements from Her Honour Justice Jennifer Davies in the judgment.

In paragraph 37 of the judgment her Honour said: *"I accept that the evidence before the Court shows a **serious question to be tried in respect of the accuracy of particular findings made by ASX as detailed in its statement of reasons. ASX did not contend to the contrary**"* (emphasis added).

Further, in paragraph 39, Her Honour said: *"For there to be a serious question to be tried on the claim that ASX would be in breach of duty if it published the statement of reasons, it is not enough to rest on the claim that the statement of reasons does not contain an accurate representation of the facts and circumstances of ISX and hence publication is likely to mislead the market because of the inaccuracies and deficiencies which ISX contends are present in document."*

Her Honour also said at paragraph 48: *"Although recognising there is a risk of reputational damage and a risk of injustice to ISX if an injunction in relation to the publication of the statement of reasons was refused for the reasons put forward by ISX, including that the statement of reasons does not contain an accurate representation of the facts and circumstances concerning ISX and are likely to mislead the market and other persons who read the document..."*.

Her Honour also noted at paragraph 49 that the statement of reasons *"is not irreversible or irremediable conduct. The statement of reasons can, if necessary, be formally retracted, revised, qualified or explained."*

Whilst disappointed to lose the injunction on a point of law, we fully respect the decision of Her Honour Justice Davies and have made the decision not to appeal that ruling.

The Company intends to continue prosecuting its case in the Federal Court of Australia and expects to vindicate its position at trial.

In the interest of shareholders, the Company will comply with ASX's directions provided on the 16th February 2020. Further, the Company notes that each of the directors, officers and Red 5 Solutions who hold ordinary shares received on conversion of the milestone performance rights have previously offered on the 17th December 2019 to place those shares in voluntary escrow. They remain committed to do so for a total period of 12 months from today.

ISX expects that, upon satisfying the written directions of the ASX, together with the voluntary escrow of the milestone performance shares, the ASX will allow ISX to recommence trading of its securities.

Authorised by N J Karantzis, the Managing Director and Tim Hart, Chairman, of iSignthis Ltd.

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