

## 2Q20 Appendix 4C and Business Activity Report

**Melbourne, 31<sup>st</sup> July:** iSignthis Ltd (ISX) is pleased to announce its 5<sup>th</sup> consecutive positive quarterly operating cash flow contained in the Appendix 4C and our quarterly business activity report.

### Financial Analysis 2Q20

- 2Q20 is the Company's 5<sup>th</sup> **quarter of positive operating cash flows**, with a +\$1.6m quarterly result.
- Cash balance at end of quarter was \$16.1m in consolidated Group Cash, with a \$1.3m reduction in the quarter mainly due to the \$1.5m investment in NSX Limited during the period.
- 2Q20 receipts from customers were down circa 20% from 1Q20 to \$8.4m due to impacts from the ASX suspension and COVID-19 in the quarter.
- Client funds held decreased during the quarter to circa \$82million, due to a slight reduction in customer confidence as a result of the ASX suspension.
- The Company made a further \$1.5m investment in NSX Limited during the quarter, per our announcement dated 28 May 2020. In the quarter the Company is expecting to take a \$1.6m impairment (non-cash) in its investment in NSX, in line with the lower share price for NSX.
- Costs related to the ASX legal proceedings in the quarter were circa \$600k, taking the first half legal and advisory costs for this matter to circa \$1,030k.
- Payments for directors fees and salaries for the quarter were \$293k.
- For the first half 2020, excluding the impairment for NSX and costs related to the ASX legal proceedings, unaudited operating net profit after tax would have been **circa \$3.3m (NPAT)**.
- For the first half 2020, unaudited operating net profit after tax is **circa \$660k (NPAT)**.

### Business Activities 2Q20

- 2Q20 unaudited revenue was for the Group was circa \$7.7m. The percentage of revenue derived from industry segments during the quarter is detailed below:
  - Options/CFDs/FX - 13%
  - Crypto/digital currency - 2%
  - Online gambling - 4%
  - Online video gaming - 46%
  - Credit providers - 9%
  - Travel services - 0%
  - Other - 26%

**Authorised on behalf of ISX by the CFO & Company Secretary, Elizabeth Warrell and  
Managing Director, NJ Karantzis**

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

ISIGNTHIS LTD

**ABN**

93 075 419 715

**Quarter ended ("current quarter")**

30 JUNE 2020 – 2Q20

<b>Consolidated statement of cash flows</b>	<b>Current quarter 2Q20 - \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,433	18,933
1.2 Payments for		
(a) research and development	(173)	(363)
(b) product manufacturing and operating costs	(3,296)	(8,802)
(c) advertising and marketing	(109)	(189)
(d) leased assets	(23)	(102)
(e) staff costs	(1,675)	(3,301)
(f) administration and corporate costs	(1,912)	(3,256)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	353	428
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,602</b>	<b>3,378</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(492)
(d) investments	(1,500)	(5,700)
(e) intellectual property	(718)	(1,240)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter 2Q20 - \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Cash contribution from Joint Venture partner)	-	1,888
	Other (Cash contribution from Joint Venture partner – non-controlling interest)	-	1,312
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,218)</b>	<b>(4,232)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	361
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (merchant security received and card scheme membership security)	(280)	(1,454)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(280)</b>	<b>(1,093)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	17,465	17,704
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,602	3,378

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>		<b>Current quarter 2Q20 - \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,218)	(4,232)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(280)	(1,093)
4.5	Effect of movement in exchange rates on cash held	(436)	376
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,133</b>	<b>16,133</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	14,133	17,465
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposit maturing on 14 August 2020)	2,000	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,133</b>	<b>17,465</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(293)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	1,602
8.2 Cash and cash equivalents at quarter end (item 4.6)	16,133
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	16,133
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A as cash from operating activities in item 8.1 is positive
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 July 2020

Date: .....

*E. Warrnell*

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.