Full Year 2021 Appendix 4E and Financial Statements

Melbourne, 28th February 2022: iSignthis Ltd (the Company), and its subsidiaries (the Group) are pleased to present their full year 2021 financial statements and Appendix 4E.

During the period the Group incurred a loss of circa $2.5 million, due to increased legal and advisory costs during the period (up $1.7 million to $3.8 million) as a result of costs due to the demerger and the ongoing costs related to both the ASX and ASIC legal cases, combined with a lower profit from discontinued operations.

The loss for the year from continuing operations was $5.6 million, whilst separately discontinued operations, which includes the results of ISX Financial EU Plc and its subsidiaries, made a profit of $3.1 million for the ten and a half months to the demerger date.

Business Update

With the demerger completed in 2021, the Company continues to focus on its ongoing legal action against the Australian Securities Exchange (ASX).

As previously announced, the Company holds principal membership licenses from several major card schemes. The Group is in the early stages of rebuilding its Australian strategy and will now look as to how it can monetise these licenses for future growth.

ASIC and ASX Federal Court Cases

Shareholders may receive updates regarding the Federal Court timetable by accessing the court orders and subscribing to notifications from the Court at https://www.comcourts.gov.au/ using reference numbers VID773/2020 and VID1315/2019.

Authorised by the Board of Directors

iSignthis Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	iSignthis Ltd
ABN:	93 075 419 715
Reporting period:	For the year ended 31 December 2021
Previous period:	For the year ended 31 December 2020

2. Results for announcement to the market

				$
Revenues from ordinary activities (continuing operations)				Nil
Loss from ordinary activities after tax attributable to the owners of iSignthis Ltd (continuing operations)	down	25%	to	(5,644,652)
Profit from discontinued operations after tax attributable to the owners of iSignthis Ltd	down	51%		3,127,762
Loss for the year attributable to the owners of iSignthis Ltd	down	unfavourable	to	(2,516,890)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,530,615 (31 December 2020: profit $1,360,728). During the period the Group incurred a loss due to the demerger of ISX Financial EU Plc on 18 October 2021. Combined with increased corporate expenses due to the demerger of ISX Financial EU Plc during the year and the Company's ongoing legal cases.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.86	1.69

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Effective 18 October 2021, the Company completed the demerger of ISX Financial EU Plc and its subsidiaries, which included Authenticate Pty Ltd, Authenticate BV, ClearPay Pty Ltd, ISX IP Ltd, ISX Technologies Inc., ISX Financial UK Ltd, iSignthis BV, ISX Holdings Ltd, Authenticate Solutions Pty Ltd, Probanx Information Systems Ltd and UAB Probanx Solutions. The results of ISX Financial EU Plc and its subsidiaries form the 'discontinued operations' of the Group. Discontinued operations contributed a profit after tax of $3.1 million for the year ended 31 December 2021 and $5.9m for the year ended 31 December 2020.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of Company	Principal activity	Ownership interest 31 Dec 21 %	Ownership interest 31 Dec 20 %	Investment in Associate 31 Dec 21	Investment in Associate 31 Dec 20
NSX Limited	Tier1 Securities Exchange	-	19.22%	-	5,512,073

Effective 18 October 2021, the Company completed the demerger of ISX Financial EU Plc, the investment in NSX Limited was owned by the demerged Group.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The Company's auditors BDO Audit Pty Ltd are yet to finalise the audit for the financial year ended 31 December 2021.

11. Attachments

Details of attachments (if any):

The Annual Report of iSignthis Ltd for the year ended 31 December 2021 is attached.

12. Signed

Signed ___________________________ Date: 28 February 2022

Timothy Hart
Executive Chairman

iSignthis Ltd

Financial Statements

31 December 2021

iSignthis Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Revenue		-	-
Other income	5	44,820	207,085
Expenses			
Corporate expenses		(4,684,259)	(3,017,407)
Advertising & marketing expense		(16,600)	(71,921)
Employee benefits expense		(502,547)	(932,122)
IT expenses		(90)	(67,418)
Other expenses		(16,701)	-
Share based payments		(210,533)	(353,157)
Net realised/unrealised foreign exchange gain/(loss)		(258,742)	(274,633)
Profit/(loss) before income tax expense		(5,644,652)	(4,509,573)
Income tax expense	6	-	-
Profit/(loss) for the year from continuing operations		(5,644,652)	(4,509,573)
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	7	3,114,037	5,870,301
Profit/(loss) for the year		(2,530,615)	1,360,728
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		96,430	(440,243)
Other comprehensive (loss)/income for the half-year, net of tax		96,430	(440,243)
Total comprehensive income/(loss) for the year		(2,434,185)	920,485
Profit/(loss) for the year is attributable to:			
Non-controlling interests	25	(13,725)	(552,800)
Owners of iSignthis Ltd		(2,516,890)	1,913,528
		(2,530,615)	1,360,728
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests	25	(13,725)	(552,800)
Owners of iSignthis Ltd		(2,420,460)	1,473,285
		(2,434,185)	920,485
Earnings per share attributable to the ordinary equity holders of the parent	35	**Cents**	**Cents**
Profit/(loss) for the year			
Basic		(0.23)	0.17
Diluted		(0.23)	0.17
Profit/(loss) from continuing operations			
Basic		(0.51)	(0.41)
Diluted		(0.51)	(0.41)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

iSignthis Ltd
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Assets			
Current assets			
Cash and cash equivalents	8	2,920,409	16,611,465
Trade and other receivables	9	59,583	1,594,640
Funds held on behalf of merchants	10	-	98,027,440
Other assets	11	690,784	1,680,792
Total current assets		3,670,776	117,914,337
Non-current assets			
Convertible note receivable	12	6,600,000	-
Plant and equipment	13	-	1,132,547
Right-of-use assets	14	-	1,713,318
Intangibles	15	-	5,148,746
Deferred Tax	6	-	96,493
Investment in Associate	16	-	5,512,073
Total non-current assets		6,600,000	13,603,177
Total assets		10,270,776	131,517,514
Liabilities			
Current liabilities			
Trade and other payables	17	782,867	5,488,797
Contract liabilities	18	-	165,638
Lease liability	19	-	512,956
Employee benefits	20	-	470,067
Funds held on behalf of merchants	10	-	98,027,440
Total current liabilities		782,867	104,664,898
Non-current liabilities			
Lease liability	21	-	1,270,685
Deferred tax liabilities	6	-	81,385
Employee benefits	22	-	70,274
Total non-current liabilities		-	1,422,344
Total liabilities		782,867	106,087,242
Net assets		9,487,909	25,430,272
Equity			
Issued capital	23	36,840,342	49,674,485
Reserves	24	-	1,357,216
Accumulated losses		(27,352,433)	(26,366,276)
Equity attributable to owners of the parent		9,487,909	24,665,425
Contribution to equity from non-controlling interest	25	-	764,847
Total equity		9,487,909	25,430,272

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Other reserves $	Total equity $
Balance at 1 January 2021 previously reported	49,674,485	17,305	(26,366,276)	764,847	1,339,911	25,430,272
Profit for the year	-	-	(2,516,890)	(13,725)	-	(2,530,615)
Other comprehensive income for the year, net of tax	-	-	-	-	96,430	96,430
Total comprehensive income/(loss) for the year	-	-	(2,516,890)	(13,725)	96,430	(2,434,185)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 23)	338,326	(338,326)	-	-	-	-
Distribution to owners	-	-	204,881	(751,122)	-	(546,241)
Reduction in capital from demerger	(13,172,469)	-	-	-	-	(13,172,469)
Share-based payments	-	210,532	-	-	-	210,532
Transfer between reserves	-	110,489	1,325,852	-	(1,436,341)	-
Balance at 31 December 2021	36,840,342	-	(27,352,433)	-	-	9,487,909

Consolidated	Issued capital $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Other reserves $	Total equity $
Balance at 1 January 2020 previously reported	47,970,023	413,447	(28,564,473)	-	(102,199)	19,716,798
Impact of correction of error on opening balance	-	-	37,169	-	-	37,169
Balance at 1 January 2020 - restated	47,970,023	413,447	(28,527,304)	-	(102,199)	19,753,967
Profit/(loss) after income tax expense for the year	-	-	1,913,528	(552,800)	-	1,360,728
Other comprehensive income for the year, net of tax	-	-	-	-	(440,243)	(440,243)
Total comprehensive income/(loss) for the year	-	-	1,913,528	(552,800)	(440,243)	920,485
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 23)	1,704,462	(501,799)	-	-	-	1,202,663
Non-Controlling Interest Contributions to equity (note 25)	-	-	-	1,317,647	1,882,353	3,200,000
Share-based payments	-	353,157	-	-	-	353,157
Lapse of options and rights	-	(247,500)	247,500	-	-	-
Balance at 31 December 2020	49,674,485	17,305	(26,366,276)	764,847	1,339,911	25,430,272

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Cash flows from operating activities			
Receipts from customers		28,087,018	35,153,036
Payments to suppliers and employees		(25,542,073)	(30,237,437)
Interest received		35,145	46,823
Government grants & tax incentives received		189,105	972,455
Income taxes paid		(1,115,814)	(1,347,296)
Other (net of Mastercard fee refund and charge)		289,484	-
Net cash generated from/(used in) operating activities	34	1,942,865	4,587,581
Cash from investing activities			
Payment for shares in Associate	16	(1,000,000)	(6,020,000)
Payments for plant and equipment	13	(145,232)	(533,784)
Payments for intangibles	15	(3,062,990)	(2,821,181)
Cash contribution from investment partner	25	-	3,200,000
Cash disposed on demerger		(10,365,167)	-
Net cash (used in) investing activities		(14,573,389)	(6,174,965)
Cash flows from financing activities			
Repayment of lease liabilities		(364,155)	(370,817)
Proceeds from exercise of options	23	-	361,122
Loan repayment from demerger group		310,761	-
Other (Merchant security received and card scheme membrship security)		(1,044,054)	610,264
Net cash (used in)/generated from financing activities		(1,097,448)	600,569
Net (decreased)/increase in cash and cash equivalents		(13,727,972)	(986,815)
Cash and cash equivalents at the beginning of the financial year		16,611,465	17,703,578
Effects of exchange rate changes on cash and cash equivalents		36,916	(105,298)
Cash and cash equivalents at the end of the financial year	8	2,920,409	16,611,465
Cash flow of discontinued operations	7	(3,192,269)	851,080

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover iSignthis Ltd as a consolidated entity consisting of iSignthis Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional and presentation currency.

iSignthis Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7, 232-236 Victoria Parade
East Melbourne
Victoria, 3002

In 2021 the Company completed the demerger from ISX Financial EU Plc ('ISX EU'). Post the demerger of ISX Financial EU Plc from iSignthis Ltd, the Company retained one subsidiary iSignthis Australia Pty Ltd (ISAU). ISAU is an Australian principal member of Mastercard. The Company also retains card acquiring licences from ChinaUnionPay, Diners Discover and American Express, in addition to Mastercard, for the Australian region.

Post the demerger the Company is now at the early stages of rebuilding its Australian strategy, as it looks to how it can commercialise the licences it holds in Australia.

Further the Company will continue to focus on its ongoing legal action against the Australia Securities Exchange (ASX).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern
The continuing operations of the group recorded a loss of $5.6 million in the year ended 31 December 2021, with no revenue generated.
The Directors have prepared the financial report on a going concern basis based on existing cash reserves as well as the following:
- Convertible note receivable from ISX Financial EU Plc for $6.6 million, which is repayable by 2031 or earlier;
- Potential favourable outcome in relation to the legal case brought against the ASX;

Note 2. Significant accounting policies (continued)

- Future revenue is anticipated, once the Company has commercialised its payment licences; and
- Expected reduction in costs in 2022, with significant legal costs incurred in 2021 not expected to reoccur at the same level and costs related to the demerger of ISX Financial EU Plc not expected to reoccur.

Based on the above, the Directors are confident that the Group will be able to pay its debts as and when they fall due for a period of at least twelve months from the date of signing the financial report.

In the event that the Group is unable to achieve successful outcomes in relation to the above matters, a material uncertainty would exist which may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of iSignthis Ltd ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. iSignthis Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Foreign currency translation
The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Discontinued operations
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Note 2. Significant accounting policies (continued)

Demerger Accounting
In determining the appropriate treatment of the demerger transactions, including the transfer of subsidiaries between Group companies and the final demerger transaction, we have applied the key principles of Common Control Transactions under Australian Accounting Standards.

Many of the demerger steps, including the transfer of subsidiaries, are between entities within the iSignthis Ltd ('ISX') group and are therefore under common control.

The acquisition or disposal of one business by another would usually fall under AASB 3 Business Combinations ("AASB 3"). However, this transaction is between entities which have the same ultimate ownership (a "common control transaction"). Common control transactions are explicitly excluded from the scope of AASB 3 and Australian Accounting Standards contain no definitive guidance on how common control transactions should be treated.

Where no definitive guidance exists, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors requires that management develop an accounting policy that results in relevant and reliable information being presented in the financial statements.

In the absence of any definitive guidance within Australian Accounting Standards or IFRS, two commonly accepted approaches exist to common control transactions:

1. Acquisition Accounting, in which the principles of AASB 3 are applied, even though the transaction is technically outside the scope of that standard; and
2. The "pooling of interests" method. It differs from the acquisition method in a number of respects:
    - The assets and liabilities of the two combining entities are transferred at their carrying values
    - Adjustments are made only where necessary to harmonise the accounting policies of the two entities. No fair value adjustments are made, and no new assets or liabilities are recognised.
    - No goodwill is recorded.
    - Any difference between the purchase price and the book value of the assets transferred is recognised as an adjustment to equity (either to an existing reserve, or to a newly created common control reserve)

For all common control transactions, including the transfers of subsidiaries between group companies and the final demerger transaction, the Company has applied the pooling of interests method, with transactions being recognised at book value.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue Recognition
Revenue from payment processing and settlement contracts is recognised when the entity has completed all performance obligations under the contract, by transferring the payment settlement to the customers account. This recognises that the Company's performance obligations are not separately identifiable and should be bundled as one performance obligation, completed when settlement is made to the customer. All performance obligations from payment processing and settlement are satisfied at a point in time.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Where market prices are not available, the fair value of equity-settled transactions are determined using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

Identification of reportable operating segments
The operating segments are analysed by the Executives of the consolidated entity who ultimately report to the board of Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources.

The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Group operates across four main operating divisions, with various product/services brands within each of those divisions, they include:
- *Regulated eMoney & Payment Services:* Payments, eMoney and transactional banking services;
- *RegTech Solutions:* Core banking, core networking platforms, identity and other banking software services;
- *Regulated Securities Exchange*: including holdings in the public quoted National Stock Exchange of Australia Ltd, and in ClearPay, our digital ledger technology delivery versus payment company; and
- *Intellectual Property:* A number of granted and pending patents applicable to anti-money laundering, payment verification and payments, across multiple jurisdictions.

	Regulated eMoney & Payment Services						
Consolidated - 31 December 2021	**Australia**	**Europe**	**Reg- Tech Solutions**	**Regulated securities Exchanges**	**Intellectual Property**	**Corporate Items**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Revenue and Other Income							
Sales to external customers	157,601	25,977,652	1,632,444	-	-	-	27,767,697
Government grants (includes R&D Tax concessions)	172,587	-	-	-	-	-	172,587
Interest	1,019	8,848	-	1,043	-	44,820	55,730
Total revenue and other income	331,207	25,986,500	1,632,444	1,043	-	44,820	27,996,014
Expenses							
Corporate expenses	(441,187)	(2,195,166)	(331,623)	(171,093)	(226,795)	(4,786,539)	(8,152,403)
Advertising & marketing	-	(112,562)	(18,970)	-	-	(16,600)	(148,132)
Employee benefits expense	(614,262)	(5,883,353)	(995,334)	1,266,463	-	(568,283)	(6,794,769)
Research & development expenses	(568,352)	-	-	(349,761)	-	-	(918,113)
Depreciation & amortisation expense	(402,501)	(305,903)	(956,448)	(19,688)	(76,431)	-	(1,760,971)
Impairment of investment in associate	-	(804,434)	-	-	-	-	(804,434)
Share of losses from investment in associate	-	-	-	-	-	-	-
IT expenses	(520,384)	(944,586)	(93,854)	116,513	-	(90)	(1,442,401)
Other expenses	(31,191)	(7,896)	(23,100)	-	-	(16,864)	(79,051)
Operating costs	3,111	(8,303,930)	(463,984)	-	-	-	(8,764,803)
Share based payments	-	-	-	-	-	(210,532)	(210,532)
Finance costs	(7)	-	(99,707)	-	-	-	(99,714)
Intercompany management fee recharge	-	(1,106,951)	-	1,106,951	-	-	-
Net realised foreign exchange gain/(loss)	(28,841)	335,371	48,753	(233,582)	(23)	(279,028)	(157,350)
	(2,603,614)	(19,329,410)	(2,934,267)	1,715,803	(303,249)	(5,877,936)	(29,332,673)
Profit/(loss) before income tax expense	(2,272,407)	6,657,090	(1,301,823)	1,716,846	(303,249)	(5,833,116)	(1,336,659)
Income tax expense	-	-	-	-	-	-	(1,193,956)
Profit/(loss) for the year	(2,272,407)	6,657,090	(1,301,823)	1,716,846	(303,249)	(5,833,116)	(2,530,615)

Note 4. Operating segments (continued)

Consolidated - 31 December 2020	Regulated eMoney & Payment Services Australia $	Regulated eMoney & Payment Services Europe $	Reg- Tech Solutions $	Regulated Securities Exchanges $	Intellectual Property $	Corporate Items $	Total $
Revenue and Other Income							
Sales to external customers	1,476,466	32,655,914	2,158,137	-	-	-	36,290,517
Government grants (includes R&D tax concessions)	816,855	-	-	-	-	155,600	972,455
Interest	16,178	11,678	-	6,386	-	12,581	46,823
Total revenue and other income	2,309,499	32,667,592	2,158,137	6,386	-	168,181	37,309,795
Expenses							
Corporate expenses	(782,195)	(1,920,116)	(433,966)	(4,678)	(213,501)	(3,506,195)	(6,860,651)
Advertising & marketing	(15,240)	(241,027)	(3,802)	-	-	(71,921)	(331,990)
Employee benefits expense	(2,094,437)	(2,839,818)	(1,537,895)	-	-	(991,830)	(7,463,980)
Research & development expenses	(713,865)	-	-	-	-	-	(713,865)
Depreciation & amortisation expense	(166,912)	(43,704)	(922,137)	-	(96,552)	-	(1,229,305)
Share of losses from investment in associate	-	-	-	(507,927)	-	-	(507,927)
IT expenses	(791,046)	(961,572)	(176,308)	-	-	(67,418)	(1,996,344)
Other expenses	(18,605)	(98,238)	(43,351)	-	-	(137)	(160,331)
Operating costs	(647,715)	(14,008,798)	(156,992)	-	-	-	(14,813,505)
Share based payments	-	-	-	-	-	(353,157)	(353,157)
Finance costs	(7)	-	(72,131)	-	-	1,809	(70,329)
Intercompany management fee recharge	-	(1,565,720)	1,565,720	-	-	-	-
Net realised foreign exchange gain/(loss)	174,324	227,999	(253,349)	154,310	-	(233,930)	69,354
	(5,055,698)	(21,450,994)	(2,034,211)	(358,295)	(310,053)	(5,222,779)	(34,432,030)
Profit/(loss) before income tax expense	(2,746,199)	11,216,598	123,926	(351,909)	(310,053)	(5,054,598)	2,877,765
Income tax expense							(1,517,037)
Profit after income tax expense	(2,746,199)	11,216,598	123,926	(351,909)	(310,053)	(5,054,598)	1,360,728

Note 5. Other income

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Other government grants	-	155,600
Interest income	44,820	12,581
Other	-	38,904
Total other income	44,820	207,085

Interest income
Interest income is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 6. Income tax

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit (Loss) before income tax expense	(5,644,652)	(4,509,573)
Tax at the statutory tax rate of 27.5%	(1,552,279)	(1,240,133)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	57,896	97,118
Job keeper payment/government incentives	-	42,790
Costs related to capital account	1,042,732	-
	(451,651)	(1,100,225)
Deductible blackhole expenditure	63,682	67,174
Other timing differences	(120,140)	5,576
Income tax losses not taken up as a tax benefit	508,109	1,027,475
Income tax expense/(benefit)	-	-

Note 6. Income tax (continued)

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Deferred tax assets/(liabilities) recognised in each of the tax jurisdictions are as follows:		
Australia		
Tax losses	-	386,824
Employee cost capitalisation	-	(386,824)
Net deferred tax assets/(liabilities)	-	-
Lithuania		
Tax losses	-	148,516
Employee cost capitalisation	-	(52,023)
Net deferred tax assets	-	96,493
Cyprus		
Acquisition of Probanx Information Systems Ltd	-	(90,947)
Tax losses	-	93,553
Employee cost capitalisation	-	(83,991)
Net deferred tax liabilities	-	(81,385)

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses (Australia)	3,594,484	2,367,206
Temporary differences (Australia)	104,219	147,633
Total deferred tax assets not recognised	3,698,703	2,514,839

The above potential tax benefit for deductible temporary differences, which excludes tax losses, has not been recognised in the financial statements as the recovery of the benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law;

iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses; and

iv) the losses are transferred to an eligible entity in the consolidated group.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 6. Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 7. Discontinued Operations

On 1 September 2021, the Group announced that it is exploring a proposed demerger of subsidiary ISX Financial EU Plc (ISX EU) by way of a reduction in capital of iSignthis Ltd. On 12 October 2021, the shareholders of the Company approved the demerger. The demerger was complete on 18 October 2021.

The results of ISX EU for the year are presented below:

	31 December 2021 $	31 December 2020 $
Revenue and other income	27,951,194	37,141,614
Expenses	(23,643,205)	(29,754,276)
Profit before tax from discontinued operations	4,307,989	7,387,338
Income tax expense	(1,193,952)	(1,517,037)
Profit for the year from discontinued operations	3,114,037	5,870,301

	Cents	Cents
Earnings per share attributable to the ordinary equity holders of the parent from discontinued operations		
Basic profit per share	0.28	0.58
Diluted profit per share	0.28	0.58

The statement of cash flows includes the following amounts relating to discontinued operations:

	31 December 2021 $	31 December 2020 $
Operating activities	6,832,607	8,436,078
Investing activities	(3,208,279)	(3,374,626)
Financing activities	(6,853,572)	(4,105,074)
Effects of exchange rate changes on cash and cash equivalents	36,975	(105,298)
Net cash flows from discontinued operations	(3,192,269)	851,080

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2021 $	31 December 2020 $
Cash at bank	2,920,409	16,611,465

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated	
	31 December 2021 $	31 December 2020 $
Trade receivables	-	1,592,350
Other receivables	20,585	2,290
GST/VAT receivable	38,998	-
	59,583	1,594,640

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The consolidated entity recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, including trade and other receivables. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly (i.e. more than 60 days overdue), the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 10. Current assets - funds held on behalf of merchants

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Funds held on behalf of merchants		
Funds received - current asset	-	98,027,440
Funds payable - current liability	-	(98,027,440)
	-	-

The funds held in 2020 on behalf of merchants in current asset and current liability noted above represent rolling reserve (initial and additional requirements under each agreement depending on the volume of transactions with each Merchant), e-money deposits and settlement funds which were yet to be settled back to the respective merchants at the end of the year.

Note 11. Current assets - other assets

	Consolidated	
	31December 2021	31 December 2020
	$	$
Prepayments	113,250	143,548
Deferred expenses	-	118,885
Security deposits	-	254,989
Card scheme collateral	577,534	1,163,370
	690,784	1,680,792

The card scheme collateral requirements as noted above are largely held by Mastercard in relation to licences held by the Group.

Note 12. Non-current assets – Convertible note receivable

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Convertible note receivable	6,600,000	-
	6,600,000	-

The convertible note of $6.6 millions was issued to ISX Financial EU Plc (ISX EU) on 18 October 2021 from conversion of intercompany balance between iSignthis Ltd and ISX EU. The convertible note charged an interest expense at the rate that is 1% above the Reserve Bank of Australia's cash rate expressed on a per annum basis. The convertible note matures on the 10th anniversary of the Completion Date which is 30 August 2021. If iSignthis Ltd elects to covert the loan, iSignthis Ltd will hold the Conversion Shares and will be a shareholder in ISX EU. The convertible note is recognised at amortised cost.

Note 13. Non-current assets - plant and equipment

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Computer and office equipment - at cost	-	1,623,848
Less: Accumulated depreciation	-	(491,301)
	-	1,132,547

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer and office equipment $
Balance at 1 January 2020	824,109
Additions	533,784
Additions through business combinations	(14,013)
Depreciation expense	(211,333)
Balance at 31 December 2020	1,132,547
Additions	145,232
Depreciation expense	(191,681)
Deductions - Assets of Demerger group	(1,086,098)
Balance at 31 December 2021	-

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Computer and office equipment	2.5 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Non-current assets - right-of-use assets

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Land and buildings - right-of-use	-	2,334,937
Less Accumulated depreciation	-	(621,619)
	-	1,713,318

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and building right-of-use assets
Consolidated	**$**
Balance at 1 January 2020	2,243,766
Leases not renewed	(97,843)
Exchange differences	(6,971)
Depreciation expense	(425,634)
Balance at 31 December 2020	1,713,318
Additions	329,215
Depreciation expense	(452,471)
Transfer right-of-use assets to Demerger group	(1,590,062)
Balance at 31 December 2021	-

Accounting policy for right-of-use assets
The consolidated entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets less than $7,000. The consolidated entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of items that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense as incurred.

The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In calculating the present value of lease payments, the Company uses its incremental borrowing rate of 5.24% at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Note 15. Non-current assets – intangibles

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Goodwill - at cost	-	1,013,080
Intellectual property - at cost	-	1,439,027
Less: Accumulated amortisation	-	(525,544)
	-	913,483
Internally developed software - at cost	-	3,906,282
Less: Accumulated amortisation	-	(684,099)
	-	3,222,183
	-	5,148,746

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Intangibles $
Balance at 1 January 2020	2,912,080
Additions - Internally developed software	2,821,181
Exchange differences	7,823
Amortisation expense	(592,338)
Balance at 31 December 2020	5,148,746
Additions - Internally developed software	3,062,990
Exchange differences	11,789
Amortisation expense	(1,211,278)
Transfer intangibles to demerger group	(7,012,247)
Balance at 31 December 2021	-

Accounting policy for intangible assets
Intangible assets, not acquired through a business combination, are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

Amortisation commences when the asset is available for use, in the location and condition necessary for it to be capable of operating in the intended manner by management. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Note 15. Non-current assets – intangibles (continued)

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Intellectual property
Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the shorter of the period of expected benefit or the period of the related patent as follows:

Patents	1- 15 years

Internally developed software
An intangible asset arising from development (or from the development phase of an internal project) is recognised as internally generated software if, and only if, all of the following have been demonstrated:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for these internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Internally generated software is amortised on a straight line basis over the period of their expected benefit, usually between 3 to 5 years.

The Group reviews internally developed software for impairment annually.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. Amortisation is on a straight line basis over the period of their expected benefit, usually between 3 to 5 years.

The Group reviews intangible assets acquired in a business combination for impairment annually.

Note 16. Non-current assets - Investment in Associate

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Balance at beginning of the year	5,512,073	-
Additions	1,000,000	6,020,000
Share of losses from investment in associate	(436,427)	(507,927)
Impairment on investment in NSX Limited	(368,066)	-
Transferred investment in associate to the demerger group	(5,707,580)	-
Total Investment in associate	-	5,512,073

Investment in associate
In determining how to account for an investment in an associate, management first review whether the iSignthis group controls the investee. Where its determined that the iSignthis group controls the investee, the results of the investee are consolidated within iSignthis Limited's consolidated financial statements.

Where management determine an investee is not controlled by the iSignthis Group, management further review the investee to determine if the iSignthis Group have significant influence over the investee. Where its determined significant influence exists, the investee is accounted for under the equity method. Where significant influence doesn't exist, the investment is accounted for as a financial asset.

Investment in NSX Limited
In 2020 the Company held a 19.22% stake in NSX Limited ('NSX'). NSX operates NSXA, Australia's second-largest Tier 1 securities market operator, which was subsequently demerged in 2021.

In 2020 Management reviewed the investment in NSX, first to determine if control existed and secondly to determine if significant influence existed. After considering serval factors including the ability to control a shareholders vote, the ability to control a board vote, the material transaction between NSX and iSignthis and the Managing Director of the iSignthis Group holding the interim CEO role at NSX, Management concluded that the iSignthis Group does not control NSX, but despite owning only 19.22% of NSX does have significant influence over NSX. The investment in NSX is therefore accounted for under the equity method.

Note 17. Current liabilities - trade and other payables

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Trade payables	492,921	933,681
Income tax provision	-	937,975
GST/VAT payable	-	118,538
Other payables (includes Merchant Security Payable)	289,946	3,498,603
	782,867	5,488,797

Refer to note 26 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 18. Current liabilities - contract liabilities

	Consolidated	
	31 December 2021 $	31 December 2020 $
Contract liabilities	-	165,638

Accounting policy for contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 19. Current liabilities - lease liability

	Consolidated	
	31 December 2021 $	31 December 2020 $
Lease liability	-	512,956

Refer to note 14 for accounting policy.

Refer to note 26 for further information on financial instruments.

The following are the amounts recognised in profit or loss:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Depreciation expense of right-of-use assets	-	425,634
Interest expense on lease liabilities	-	70,322
Expense relating to short-term leases (included in corporate expenses)	-	475,283
Expense relating to leases of low-value assets (included in corporate expenses)	-	7,722
Total amount recognised in profit or loss	-	978,961

Note 20. Current liabilities - employee benefits

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Annual leave	-	470,067

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

During the financial year 2021, employees were transferred to the demerger group. Therefore, there were no employee costs and benefits at the financial year end 2021 for the iSignthis Ltd.

Note 21. Non-current liabilities - lease liability

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Lease liability (refer to note 14 for accounting policy)	-	1,270,685

Refer to note 26 for further information on financial instruments.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 22. Non-current liabilities - employee benefits

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Long service leave	-	70,274

Accounting policy for other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

During the financial year 2021, employees were transferred to the demerger group.

Note 23. Equity - issued capital

	Consolidated			
	31 December 2021 Shares	**31 December 2020 Shares**	**31 December 2021 $**	**31 December 2020 $**
Ordinary shares - fully paid	1,100,792,118	1,097,597,165	36,840,342	49,674,485

Movements in ordinary share capital from 1 January 2021 to 31 December 2021

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2021	1,097,597,165	$0.000	49,674,485
Issue of shares upon the vesting of performance rights	26 February 2021	23,750	$0.000	3,138
Issue of shares upon the vesting of performance rights	31 March 2021	654,801	$0.000	98,220
Issue of shares upon the vesting of performance rights	30 April 2021	69,000	$0.000	23,115
Issue of shares upon the vesting of performance rights	30 June 2021	4,545	$0.000	4,863
Issue of shares upon the vesting of performance rights	2 August 2021	2,442,857	$0.000	208,990
Reduction in capital from demerger				(13,172,469)
Balance 31 December 2021		1,100,792,118		36,840,342

Note 23. Equity - issued capital (continued)

Movements in ordinary share capital from 1 January 2020 to 31 December 2020

Details	Date	Shares	Issue price	$
Balance	1 January 2020	1,093,383,191	$0.000	47,970,023
Issue of shares upon the vesting of performance rights	1 January 2020	50,000	$0.000	16,750
Issue of shares upon the vesting of performance rights	1 March 2020	62,500	$0.000	11,250
Issue of shares to employee	2 March 2020	10,000	$0.000	1,500
Issue of shares in relation to a business combination	2 March 2020	787,478	$1.070	842,601
Issue of shares upon the vesting of performance rights	30 April 2020	74,000	$0.000	24,790
Issue of shares upon the vesting of performance rights	1 May 2020	30,616	$0.000	4,592
Issue of shares upon the vesting of performance rights	1 August 2020	76,375	$0.000	61,100
Issue of shares upon the vesting of performance rights	11 August 2020	1,000	$0.000	1,070
Issue of shares upon the vesting of performance rights	11 August 2020	5,000	$0.000	750
Issue of shares upon the vesting of performance rights	2 September 2020	1,565,000	$0.000	266,050
Issue of shares upon the vesting of performance rights	2 September 2020	23,364	$0.000	3,505
Issue of shares upon the vesting of performance rights	10 December 2020	2,500	$0.000	1,625
Issue of shares upon the vesting of performance rights	10 December 2020	46,728	$0.000	30,373
Issue of shares upon the vesting of performance rights	10 December 2020	314,500	$0.000	204,426
Exercise of options during the year		1,164,913	$0.310	361,122
Transfer from share based payments reserve		-	$0.000	(127,042)
Balance 31 December 2020		1,097,597,165		49,674,485

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 24. Equity - reserves

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Foreign currency reserve	-	(542,442)
Share-based payments reserve	-	17,305
Other reserves	-	1,882,353
	-	1,357,216

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other reserves
This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Share based payments reserve $	Other reserve $	Total $
Balance at 1 January 2020	(102,199)	413,447	-	311,248
Foreign currency translation	(440,243)	-	-	(440,243)
Non-controlling Interest Contributions to equity			1,882,353	1,882,353
Share-based payments issued	-	353,157	-	353,157
Transfer to issued capital upon the vesting of performance rights and exercise of options	-	(501,799)	-	(501,799)
Lapse of options and rights	-	(247,500)	-	(247,500)
Balance at 31 December 2020	(542,442)	17,305	1,882,353	1,357,216
Foreign currency translation	96,430	-	-	96,430
Share-based payments issued	-	210,532	-	210,532
Transfer to issued capital upon the vesting of performance rights and exercise of options	-	(338,326)	-	(338,326)
Transfer between reserves	446,012	110,489	(1,882,353)	(1,325,852)
Balance at 31 December 2021	-	-	-	-

Note 25. Equity - Contribution to equity from non-controlling interest

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Balance at the beginning of the period	764,847	-
Non-controlling interest from capital contribution	-	1,317,647
Non-controlling interest - share of losses	(13,725)	(552,800)
Transfer to Demerger group	(751,122)	-
Balance at the end of the period	-	764,847

Non-controlling interest relates to NSX Limited has been transferred to ISX Financial EU Plc upon demerger. In 2020, NSX Limited made a $3.2m capital contribution during the year for 41% of ClearPay Pty Ltd.

Note 26. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognized financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

Price risk
The consolidated entity is not exposed to any significant price risk.

Note 26. Financial instruments (continued)

Interest rate risk
The consolidated entity's only exposure to interest rate risk is in relation to deposits held and its convertible note receivable. Deposits are held with reputable banking financial institutions.

	31 December 2021		31 December 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$	%	$
Convertible Note Receivable	1.10%	6,600,000	-	-
Cash at bank	0.004%	2,920,490	0.29%	16,611,465
Net exposure to cash flow interest rate risk		9,520,490		16,611,465

Below is a sensitivity analysis of interest rates at a rate of 50 basis points on cash at bank for the 2021 and 2020 financial years and for the convertible note receivable for 2021. The impact would not be material on bank balances held at 31 December 2021. The percentage change is based on expected volatility of interest rates using market data and analysis forecasts.

	Basis points increase			Basis points decrease		
Consolidated - 31 December 2021	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Convertible Note Receivable	50	33,000	33,000	50	(33,000)	(33,000)
Cash at bank	50	21,467	21,467	50	(21,467)	(21,467)
Total	50	54,467	54,467	50	(54,467)	(54,467)

	Basis points increase			Basis points decrease		
Consolidated - 31 December 2020	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash at bank	50	81,614	81,614	50	(81,614)	(81,614)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity holds security in relation to its card scheme merchant settlements (initial and additional requirements (rolling reserve) under each agreement depending on the volume of transactions with each Merchant). This therefore mitigates the risk of default of the counterparty as the consolidated entity holds sufficient security to cover amounts receivable by each party.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Note 26. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2021	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	492,921	-	-	-	492,921
Other payables	-	289,946	-	-	-	289,946
Interest-bearing - variable						
Lease liability	-	-	-	-	-	-
Total non-derivatives		782,867	-	-	-	782,867

Consolidated - 31 December 2020	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	933,681	-	-	-	933,681
Other payables	-	4,436,579	-	-	-	4,436,579
Interest-bearing - variable						
Lease liability	5.24%	572,806	540,828	1,039,929	-	2,153,563
Total non-derivatives		5,943,066	540,828	1,039,929	-	7,523,823

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 27. Key management personnel disclosures

Directors
The following persons were directors of iSignthis Ltd during the financial year and up to the date of this report, unless otherwise stated:

Mr Timothy Hart	(Independent, Non-Executive Chairman until 29 December 2021, become Executive Chairman from that date)
Mr Nickolas John Karantzis	(resigned as Managing Director on 29 December 2021, remained as Non-Executive Director from that date)
Mr Scott Minehane	(Independent, Non-Executive Director)
Mr Barnaby Egerton-Warburton	(Independent, Non-Executive Director)
Mr Christakis Taoushanis	(Independent, Non-Executive Director, resigned on 31 August 2021)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Short-term employee benefits	1,079,743	989,267
Post-employment benefits	42,071	41,545
Share-based payments	23,987	25,961
	1,145,801	1,056,773

Note 28. Remuneration of auditors

The following fee was paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Group:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Audit services (BDO Audit Pty Ltd)	338,690	180,000
Limited assurance review of the prospectus (BDO Audit Pty Ltd)	50,000	-
Audit or review of the financial statements	388,690	180,000
Audit services - network firms		
Audit or review of the financial statements	-	68,500
Audit services - unrelated firms		
Audit or review of the financial statements	-	-

Note 29. Contingent assets and liabilities

ASIC
On 7 December 2020, ASIC served iSignthis with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against iSignthis arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020 (the latter being while the Company's shares were not trading on the ASX). iSignthis will vigorously contest the claims. The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made.

Note 30. Related party transactions

Parent entity
iSignthis Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

During the year ended 31 December 2021 the Company paid the then Managing Director, Mr Karantzis $108,000 for legal costs, where the Company had mutually benefitted from the provision of the legal work completed. The $108,000 was at a commercial discount to both what Mr Karantzis actually paid and what the company would have paid under normal commercial terms for the work.

Transactions with related parties
For the Year ended 31 December 2021 iSignthis Ltd charged ISX Financial EU $24,200 interest, per the terms of the convertible note.

For the period 1 January 2021 to 17 October 2021 (demerger date), Authenticate Pty Ltd, a wholly owned subsidiary at the time, charged NSX Limited $110,000 (including GST) for IT services.

In December 2020 Authenticate Pty Ltd, a wholly owned subsidiary of iSignthis Limited, charged NSX Limited $30,250 (including GST) for once-off IT services provided in the month.

Receivable from and payable to related parties
A balance of $11,000 remained payable from NSX Limited to Authenticate Pty Ltd as at the demerger date of 17 October 2021.

As at 31 December 2021, $20,585 remains payable by Mr Karantzis to iSignthis Ltd. This amount is recorded in other receivables in note 9.

As at 31 December 2021, $6,193 remains payable by iSignthis Ltd to ISX Financial EU Plc (ISX EU). The amount is recorded in other payables (note 17). The amount related to an IT cost paid by ISX EU to the benefit of iSignthis Ltd.

As at 31 December 2020, NSX Limited owed $30,250 to Authenticate Pty Ltd as mentioned in the transactions with related parties note above. The amount is recorded in trade receivables in note 9.

Loans to/from related parties
During the period, the company funded $593,693 in legal fees for the then Managing Director, Mr Karantzis. The Company funded these fees in the short term as the Board of Directors believed it was in the best interest of the Company to support the then Managing Director to resolve his legal issues, so that he could relocate overseas, where the main business of the pre-merger Group was located. All such legal fees were offset by the then Managing Director's remuneration and other payments, which were via ISX Financial EU Plc. As such, no expenses have been recorded by the Company for the year ended 31 December 2021 for these fees. The Company has charged the then Managing Director above market interest rates on these payments totalling $20,584.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2021 $	**31 December 2020 $**
Profit/(loss) after income tax	(21,008,036)	8,756,821
Total comprehensive income / (loss)	(21,008,036)	8,756,821

Statement of financial position

	Parent	
	31 December 2021 $	**31 December 2020 $**
Total current assets	3,232,584	30,321,818
Total assets	10,544,113	41,939,825
Total current liabilities	917,779	532,250
Total liabilities	917,779	532,250
Equity		
Issued capital	122,598,629	133,354,529
Share-based payments reserve	-	17,305
Accumulated losses	(112,972,295)	(91,964,259)
Total equity	9,626,334	41,407,575

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2020 and 31 December 2021.

Contingent liabilities of the parent

ASIC
On 7 December 2020, ASIC served iSignthis with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against iSignthis arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020 (the latter being while the Company's shares were not trading on the ASX). iSignthis will vigorously contest the claims. The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made.

Note 31. Parent entity information (continued)

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 31 December 2020 and 31 December 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note , except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

		Ownership interest	
		31 Dec 2021	**31 Dec 2020**
Name	**Principal place of business / Country of incorporation**	**%**	**%**
Authenticate Pty Ltd	Australia	-	100.00%
Authenticate BV	Netherlands	-	100.00%
ClearPay Pty Ltd	Australia	-	59.00%
ISX IP Ltd	British Virgin Islands	-	100.00%
ISX Financial EU Plc (1)	Cyprus	-	100.00%
ISX Technologies Inc. (2)	USA	-	100.00%
iSignthis (IOM) Ltd	Isle of Man	-	100.00%
ISX Financial UK Ltd	United Kingdom	-	100.00%
iSignthis Australia Pty Ltd (3)	Australia	100.00%	100.00%
iSignthis BV	Netherlands	-	100.00%
ISX Holdings Ltd	United Kingdom	-	100.00%
Authenticate Solutions Pty Ltd (4)	Australia	-	100.00%
Probanx Information Systems Ltd	Cyprus	-	100.00%
UAB Probanx Solutions	Lithuania	-	100.00%

(1) Previously known as ISX Financial EU Ltd
(2) Previously known as iSignthis Inc.
(3) Previously known as ISX Financial Pty Ltd
(4) Previously known as iSignthis Solutions Pty Ltd

Note 32. Interests in subsidiaries (continued)

Subsidiaries
The results of all entities where the Group has 100% ownership interest, are included within iSignthis Limited's consolidated financial statements.

Entities with less than 100% ownership interest are reviewed by management and approved by the Board to determine whether the Group controls the entity. Where the Group has determined an entity is controlled by the iSignthis Group, it's results are included within iSignthis Limited's consolidated financial statements.

Note 33. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 34. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	31 December 2021	31 December 2020
	$	$
Profit/(loss) after income tax expense for the year	(2,530,615)	1,360,728
Adjustments for:		
Depreciation and amortisation	1,760,975	1,229,305
Share of loss - associates	804,434	507,927
Share-based payments	210,532	353,157
Foreign exchange differences	(73,650)	(105,748)
Income tax expense	78,138	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,046,495	(204,660)
(Increase)/decrease in other current assets	(364,035)	896,306
Increase in trade and other payables	935,482	1,558,287
(Decrease)/Increase in employee benefits	(14,971)	212,271
Increase/(decrease) in deferred revenue	58,759	(1,219,992)
Increase in other liabilities	31,321	-
Net cash from operating activities	1,942,865	4,587,581

Note 35. Earnings per share

	Consolidated	
	31 December 2021 $	31 December 2020 $
Profit/(loss)after income tax	(2,530,615)	1,360,728
Non-controlling interest	13,725	552,800
Profit/(loss) after income tax attributable to the owners of iSignthis Ltd	(2,516,890)	1,913,528
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,097,597,165	1,094,452,951
Adjustments for calculation of diluted earnings per share:		
Performance rights	3,194,953	3,144,214
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,100,792,118	1,097,597,165
	Cents	Cents
Basic earnings per share	(0.23)	0.17
Diluted earnings per share	(0.23)	0.17
Basic earnings per share – continuing operations	(0.51)	(0.41)
Diluted earnings per share – continuing operations	(0.51)	(0.41)

Note 36. Share-based payments

There were no options issued or outstanding on 31 December in 2020 or 2021. The summary below details options exercised and forfeited in 2020:

31 December 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
09/11/2017	08/02/2020	$0.310	1,164,913	-	(1,164,913)	-	-
13/03/2019	10/07/2020	$0.300	3,000,000	-	-	(3,000,000)	-
			4,164,913	-	(1,164,913)	(3,000,000)	-

Set out below are summaries of performance rights granted under the plan in 2021:

31 December 2021

Grant date	Expiry date	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
09/05/2019	30/04/2021	69,000	-	(69,000)	-	-
01/08/2019	01/08/2021	57,000	-	(55,750)	(1,250)	-
06/12/2019	08/08/2021	1,000	-	(1,000)	-	-
06/12/2019	30/06/2021	4,545	-	(4,545)	-	-
06/12/2019	31/07/2021	3,846	-	(3,846)	-	-
06/12/2019	30/09/2021	2,381	-	(2,381)	-	-
12/03/2020	28/02/2022	23,364	-	(23,364)	-	-
01/04/2020	28/02/2021	18,750	-	(18,750)	-	-
01/04/2020	31/03/2021	768,450	-	(610,950)	(157,500)	-
30/04/2020	31/03/2021	43,851	-	(43,851)	-	-
11/08/2020	28/02/2021	5,000	-	(5,000)	-	-
28/10/2020	31/10/2021	1,812,000	-	(1,671,000)	(141,000)	-
28/10/2020	31/10/2022	85,000	-	(85,000)	-	-
28/10/2020	31/10/2023	85,000	-	(85,000)	-	-
09/12/2020	31/08/2021	100,027	-	(8,906)	(91,121)	-
09/12/2020	30/09/2021	15,000	-	(15,000)	-	-
09/12/2020	13/11/2021	25,000	-	-	(25,000)	-
09/12/2020	13/11/2022	25,000	-	-	(25,000)	-
31/03/2021	13/11/2023	-	491,610	(491,610)	-	-
		3,144,214	491,610	(3,194,953)	(440,871)	-

Note 36. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan in 2020:

31 December 2020

Grant date	Expiry date	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
23/05/2018	01/03/2020	62,500	-	(62,500)	-	-
03/09/2018	01/09/2020	1,857,000	-	(1,565,000)	(292,000)	-
09/05/2019	01/01/2020	50,000	-	(50,000)	-	-
09/05/2019	30/04/2020	74,000	-	(74,000)	-	-
09/05/2019	30/04/2021	69,000	-	-	-	69,000
01/08/2019	01/08/2020	96,625	-	(76,375)	(20,250)	-
01/08/2019	01/08/2021	96,625	-	-	(39,625)	57,000
06/12/2019	08/08/2020	1,000	-	(1,000)	-	-
06/12/2019	08/08/2021	1,000	-	-	-	1,000
06/12/2019	31/12/2020	2,500	-	(2,500)	-	-
06/12/2019	30/06/2020	4,545	-	-	(4,545)	-
06/12/2019	31/07/2020	3,846	-	-	(3,846)	-
06/12/2019	31/08/2020	8,906	-	-	(8,906)	-
06/12/2019	30/09/2020	2,381	-	-	(2,381)	-
06/12/2019	30/06/2021	4,545	-	-	-	4,545
06/12/2019	31/07/2021	3,846	-	-	-	3,846
06/12/2019	31/08/2021	8,906	-	(8,906)	-	-
06/12/2019	30/09/2021	2,381	-	-	-	2,381
12/03/2020	31/08/2020	-	23,364	(23,364)	-	-
12/03/2020	28/02/2022	-	23,364	-	-	23,364
01/04/2020	01/05/2020	-	30,616	(30,616)	-	-
01/04/2020	28/02/2021	-	18,750	-	-	18,750
01/04/2020	31/03/2021	-	787,950	-	(19,500)	768,450
01/04/2020	28/02/2022	-	18,750	(5,000)	(13,750)	-
30/04/2020	31/03/2021	-	43,851	-	-	43,851
03/08/2020	01/07/2021	-	21,250	(20,000)	(1,250)	-
11/08/2020	28/02/2021	-	5,000	-	-	5,000
02/09/2020	01/07/2021	-	294,500	(294,500)	-	-
28/10/2020	31/10/2021	-	1,830,000	-	(18,000)	1,812,000
28/10/2020	31/10/2022	-	85,000	-	-	85,000
28/10/2020	31/10/2023	-	85,000	-	-	85,000
09/12/2020	31/08/2021	-	137,849	(37,822)	-	100,027
09/12/2020	30/09/2021	-	15,000	-	-	15,000
09/12/2020	13/11/2021	-	25,000	-	-	25,000
09/12/2020	13/11/2022	-	25,000	-	-	25,000
		2,349,606	3,470,244	(2,251,583)	(424,053)	3,144,214

Note 36. Share-based payments (continued)

Set out below are the performance rights exercisable at the end of the financial year.

Grand date	Expiry date	31 December 2021 Number	31 December 2020 Number
09/05/2019	30/04/2021	-	69,000
01/08/2019	01/08/2021	-	57,000
06/12/2019	01/08/2021	-	1,000
06/12/2019	30/06/2021	-	4,545
06/12/2019	31/12/2020	-	3,846
06/12/2019	30/09/2021	-	2,381
12/03/2020	28/02/2022	-	23,364
01/04/2020	28/02/2021	-	18,750
01/04/2020	31/03/2021	-	768,450
30/04/2020	31/03/2021	-	43,851
11/08/2020	28/02/2021	-	5,000
28/10/2020	31/10/2021	-	1,812,000
28/10/2020	31/10/2022	-	85,000
28/10/2020	31/10/2023	-	85,000
09/12/2020	31/08/2021	-	100,027
09/12/2020	30/09/2021	-	15,000
09/12/2020	13/11/2021	-	25,000
09/12/2020	13/11/2022	-	25,000
		-	3,144,214

There is no outstanding performance right at the end of 2021 as all of the performance rights were vested on 2 August 2021.

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, performance rights or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. Where market prices are not available, the fair value of equity-settled transactions are determined using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. This valuation technique considers value of tangible and intangible assets of the Company, the present value of anticipated future cash flows, multiple of earnings and other factors to be reasonable valuation technique for the purposes of AASB 2 Share-based Payment.

Market conditions are taken into consideration in determining fair value, including any off market trades by shareholders. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 36. Share-based payments (continued)

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Timothy T Hart

Tim Hart
Executive Chairman

28 February 2022