



Investor Update – September 2017 4C Quarterly Commentary #2

Hong Kong, Sydney, Melbourne, Frankfurt

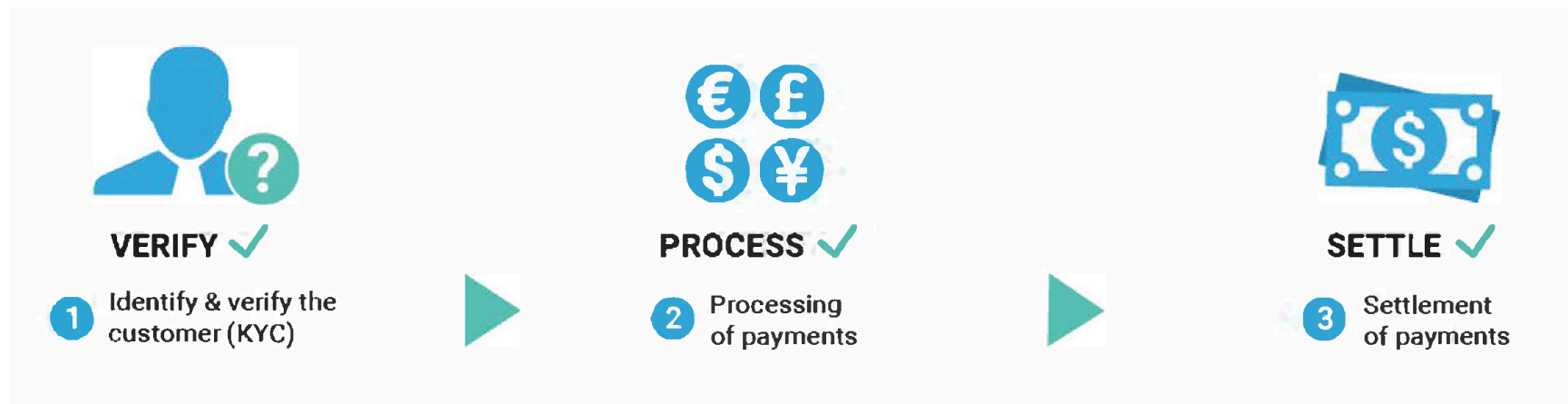
N J (John) Karantzis

B.E. LL.M M.Ent FIEAust CPEng Adj

Managing Director, **iSignthis Ltd** (ASX : ISX | DE : TA8 | SWIFT BIC : ISEMCY21)



Highlights



- ❖ Transactional volumes live across 3 revenue streams, growing on strong trajectory across multiple merchants with diversified sectors, and a strong sales pipeline.
- ❖ Visa/Mastercard/JCB card scheme memberships secured, with NAB/Worldline wholesale agreements supporting growth through uncapped funding facility of transactional volumes
- ❖ Use of “Own funds” capital represents opportunity to enhance margins ~20-40bps against wholesale funding, by exploiting EU e-banking license & card scheme principal memberships.

Section 1 – Quarterly Report Presentation

iSignthis Limited (ASX: ISX / DE : TA8 / SWIFT BIC : ISEMCY22)

Australia's only ASX listed RegTech and Eurosystem EEA authorised Monetary Financial Institution.

iSignthis has a patented identity verification technology, linked with payment processing and payment facilitation capability, converging payments and identity into our Paydentity™ service.

With an increasing European merchant focus, we have now cross listed on the Frankfurt Stock Exchange (FSE).

Capital structure - ASX

Ordinary shares - quoted on ASX	631,869,714
Other shares – staff	1,709,251
Performance shares #	336,666,667
Total Shares – incl Perf/shrs	970,245,632
Share price (23 October 2017)	A\$0.185
Market capitalisation – quoted & staff (A\$m)	A\$117
Market capitalisation - Incl Perf (A\$m)	A\$180

Performance Shares

Class A : 112.2m shares : annualized \$5m run-rate in a 6 month period

Class B : 112.2m shares : annualized \$7.5m run-rate in a 6 month period

Class C : 112.2m shares : annualized \$10m run-rate in a 6 month period

Note: Each class of performance shares is subject to a 3 financial year timeframe from listing on the ASX for those milestones to be achieved in order to vest (June 30, 2018)

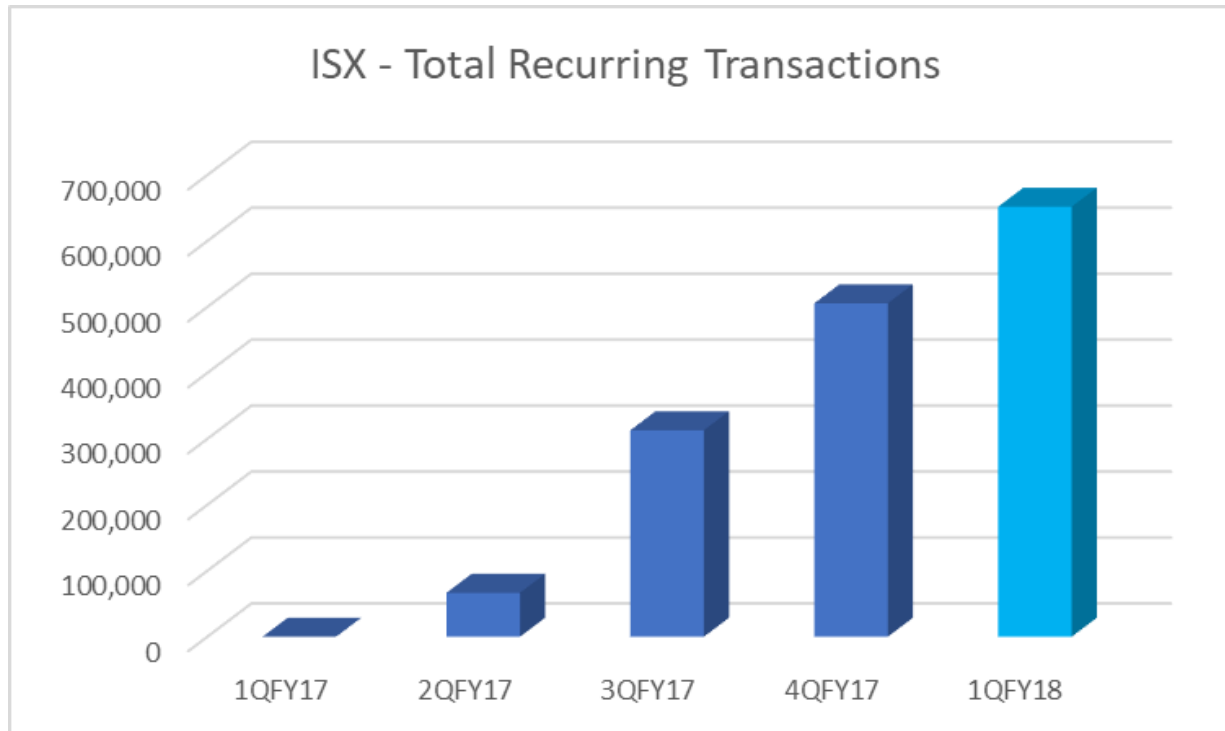
Options - unlisted

Unlisted advisor incentive options	22,500,000
- various expiry from July 2018 and 2019 / Dec 2018	
- various strike price from \$0.50 and \$0.62 / \$0.30	

4C September 2017 Quarterly Commentary

- Cash Receipts Up 112% quarter on quarter
- Unaudited operating cash receipts of \$0.329m for the quarter ended 30 Sept 2017
- Transaction growth continuing (see chart on following page)
- Full range of transactional banking services completed
- Revenue is currently being generated in all three core revenue silo's of "Verify", "Process" and "Settle" with many merchant represented in all three
- Cash at bank \$2.5m (excluding \$0.65m longer term security deposits / collateral)

Live Paydentity™ and ISXPay® transaction volumes are increasing with new merchants



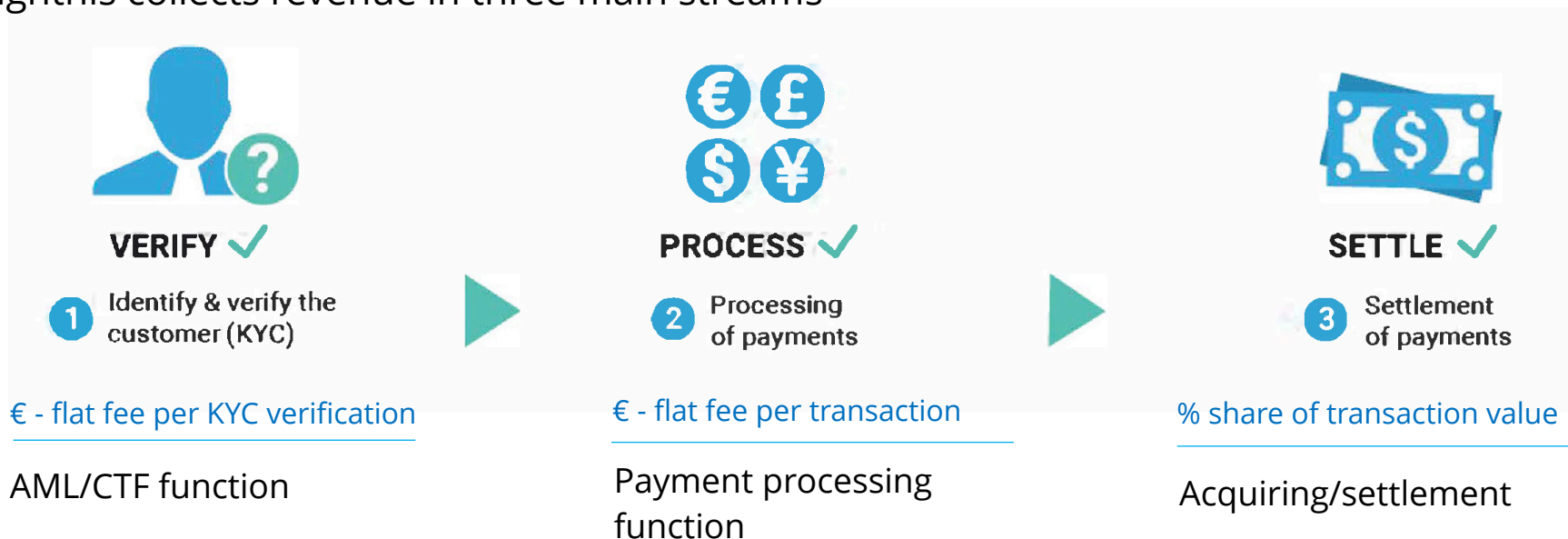
Note: Does not include one off integration testing transactions.

Not all contracted merchants shown.
*Detailed announcements per merchant to follow

Merchant	Transacting
Coinify.com	Now / since Q1
Blockchain.info	Now / since Q1
XM.com Stage 1	Now / since Q1
Ixaris	Now / since Q1
BuyCoinNow	Now / since Q2
TradeFinancial	Now / since Q3
Borgun	Imminent / Q3
Valutrades*	Imminent / Q3
Pioneer Credit*	Imminent / Q3
NedBet*	Imminent / Q3
XM Phase 2*	Imminent / Q3
HltBet*	Imminent / Q3
Webshield	Expected Q3 / Q4
Pepperstone	Expected Q3 / Q4
Various AUS Retailers*	Expected Q3 / Q4
eMerchantPay	Expected Q3 / Q4

ISX is now generating revenue in all three core revenue streams

iSignthis collects revenue in three main streams



Eg: Potential income from each revenue stream

Verify

€2 to €20 (median € 4) per KYC transaction depending on individual merchant agreements and volumes

Process

€0.06 to €0.30 per transaction processed, depending on client agreements and volumes

Settle

Net Margin of 0.20% to 1.25% of the total transaction value charged on the merchant credit/debit card

Key Partnerships (Card processing arrangements)

Key partnerships allow for settlement revenue stream to commence near term

- The Company has completed integration the National Australia Bank as part of the previously announced payment facilitation agreement.
- We are Completing integration with Worldline to offer similar settlement services to EU/ EEA merchants.
- Agreements with NAB and WLN are uncapped, providing large volume cashflow funding at wholesale pricing, suitable to service and cashflow merchants up to any aggregate volume. (see ASX announcement 19/10/2017)
- We are principal members of Visa, Mastercard and JCB card schemes, for both issuing and acquiring, allowing us independence from our partners and flexibility of complementary bespoke offerings.



Opportunity to enhance net margins

Greater “own funds” will increase the net settlement margin by up to 40bps

- Wholesale funding from partners NAB and WLN can be optimised to maximise net margins on merchant settlements by use of ‘own funds’
- ‘Own funds’ capital can be leveraged 50 times, based upon 2% capital adequacy, to a max of € 1.2Bn.
- Thereafter, ‘own funds’ requirement decreases significantly to 0.5% (€3Bn) and 0.25% (> €3Bn), allowing leverage of 200 and 400 times own funds
- Company **calculates** ‘own funds’ / wholesale mix **optimal** at < €2.75m to maximise net margin by up to additional 25-40bps, based on next 12 months estimated transactional volumes.

December quarter outlook

- Transaction volumes expected to continue on its upward trending trajectory as existing merchant utilisation grows and with the addition of new merchants going “live”
- Company guidance is +30% Tx volume growth QoQ
- Previously announced merchants commencing with live transactions in the quarter will contribute additional revenue.
- Additional merchants expected to convert based on a strong sales pipeline.
- Operational expenditures forecast to remain within current range ~\$1.25m per quarter, accommodating ramp up in merchants, transaction volumes and expected revenue
- December Quarterly report to be released no later than Tuesday 23rd January.

We Provide RegTech solutions to diverse, global companies



Not all currently contracted merchants shown. Merchants may be contracted across any one, two or three ISX revenue streams

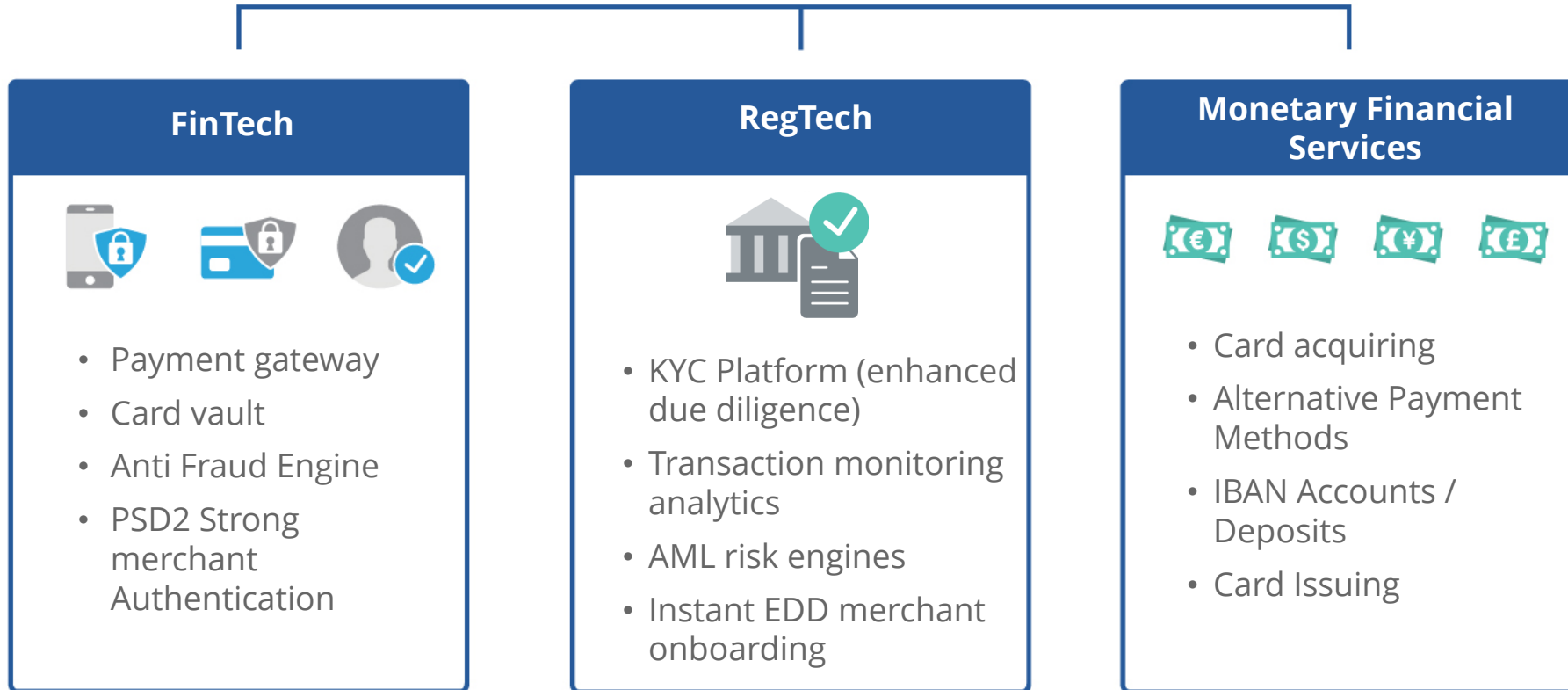
Section 2 -Company Background Presentation

1. What do we do?

iSignthis leads in RegTech, focus on payment and identity verification



Global, Scalable Cloud Based Service



1. What do we do?

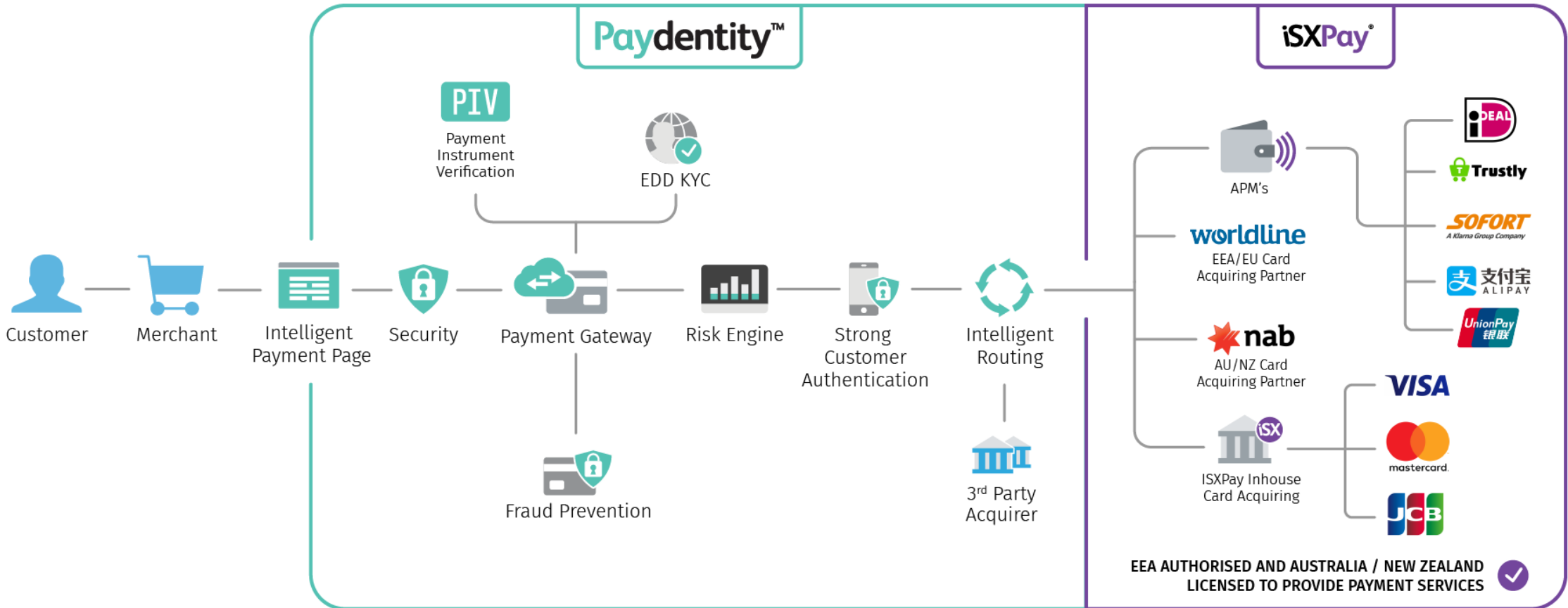
iSignthis automates AML/CTF KYC and transaction processing

iSignthis Ltd automates AML/CTF Enhanced Due Diligence KYC & transaction monitoring via its payments and identity processing platform (Paydentity™) for AML regulated sector businesses including:

- Financial Institutions,
- banks, lending, crowdfunding, pension funds,
- securities / equities,
- FX, CFD, binaries, and futures traders,
- gaming, wagering, betting, casino's,
- money services businesses,
- payment service providers,
- insurance providers,
- real estate,
- digital currency platforms,
- eWallets, Fintech,
- other AML/Patriot Obligated businesses, and
- ***Our own EU regulated Monetary Financial Institution, ISXPay®!***



iSignthis Services – one Cloud based API for Paydentity™ and ISXPay®



2. Regulatory evolution is driving change

4AMLD and PSD2 are requiring a more rigorous approach

4AMLD (“Fourth Directive”)

- European regulators under 4AMLD Enhanced Due Diligence (EDD) for remote identity verification.
- AML sector business, including Financial institutions, FX and gaming, are required to undertake ongoing monitoring of transactions for evidence of money laundering (AML) or funding of terrorist activities (CTM)
- Identification of merchants using Electronic methods and verifications for eKYC is permitted under various EU regulations.

The iSignthis “Paydentity” service is the only dynamic, online, realtime solution that meets 4AMLD requirements whilst also processing payments. Our platform provides our merchants a basis for compliance.

2. Regulatory evolution is driving change

4AMLD and PSD2 are requiring a more rigorous approach

PSD2 & transactional payment processing authentication

- All online payments required to undergo Strong merchant Authentication (SCA) using a method of Two Factor Authentication (2FA) to be linked to the card's owner.
- The use of 2FA without proving a persons identity first, is known as Strong Authentication (SA) – this is commonly used by some tech companies and is not compliant under the current PSD2 regulations

The iSignthis services meet the requirements of the PSD2 today allowing merchant merchants immediate compliance and protection against credit card fraud and charge back costs.

PSD2 will provide the added benefit of liability shift, which previously had only been allowed under card scheme rules using 3D Secure.

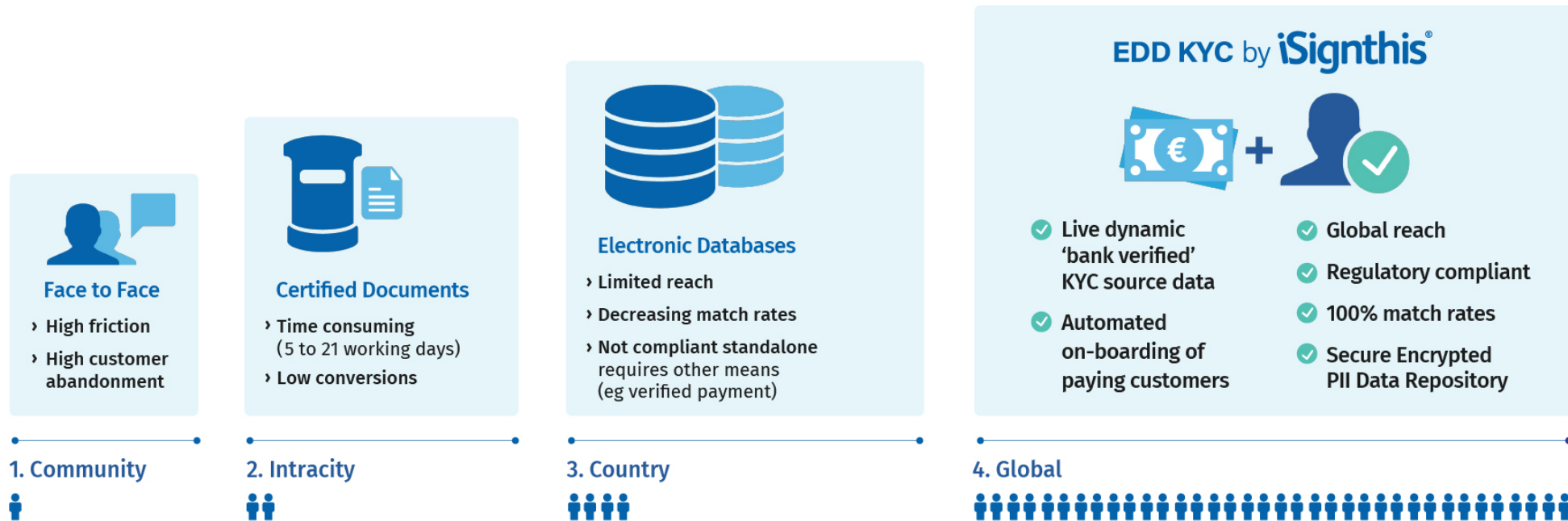
Our Strong merchant Authentication is a by-product of our 4AMLD solution

2. Regulatory evolution is driving change

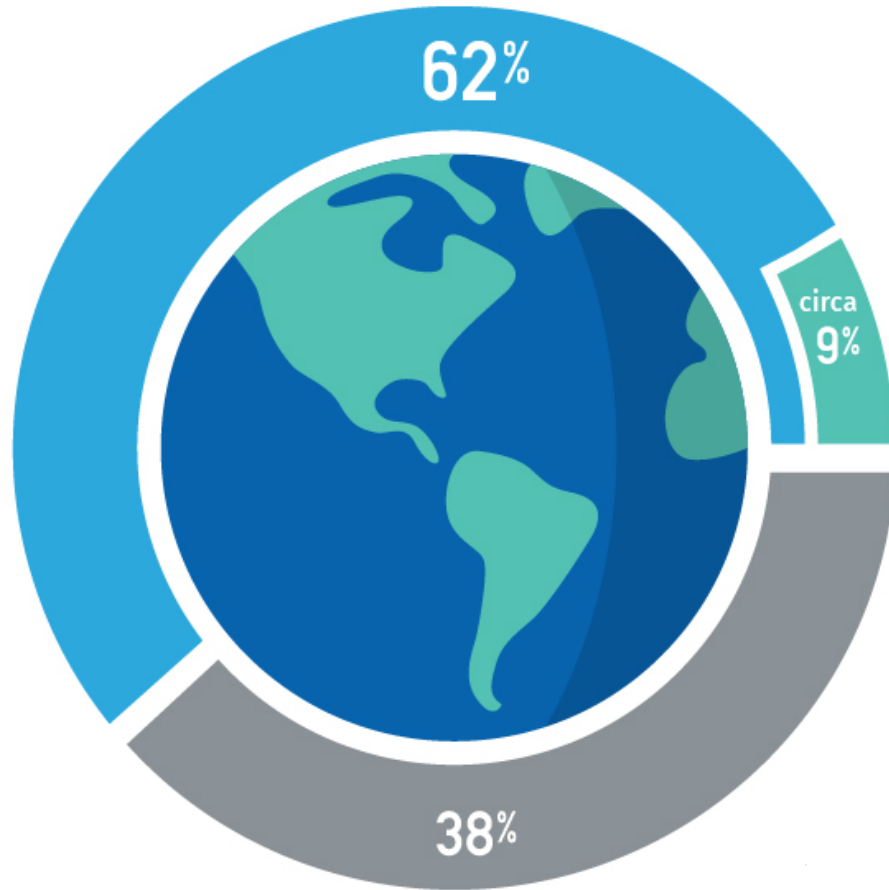
The method of establishing identity has evolved

There are four commercial and compliant means to perform a Know Your merchant (KYC), all of which rely on bank or government sources.

Paydentity™ incorporates bank issued credit and debit cards, as they are not only the leading online payment source, but also the largest single source of KYC data accessible globally.



World Population – 62% Banked / 38% Unbanked, with CRA Data accessible for ~ 9%



62% iSignthis
62% of the world's population are banked. Via our Paydentity solution, iSignthis can remotely verify the identity of 62% of the world's 'bank verified' persons to enhanced due diligence KYC requirements.

circa 9% Data Brokers Circa
Data brokers can only identify Circa 9% of the world's population, providing merchants with a limited reach and low conversion rates.

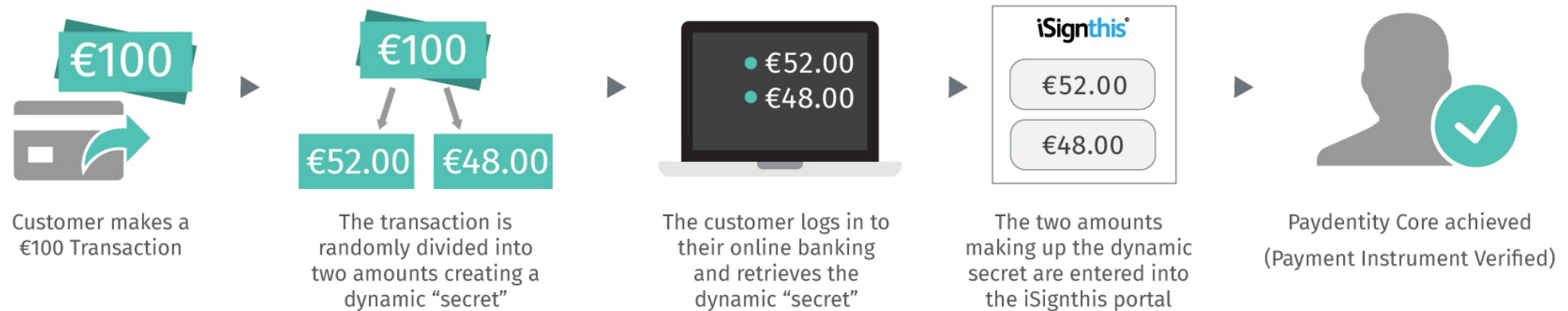
38% Unbanked
38% of the world's population don't have a bank account and are unable to pay for your services via a credit or debit card. As this improves, the iSignthis reach increases.

Source: Worldbank 2015 Findex, <http://datatopics.worldbank.org/financialinclusion>

3. Our technology advantage

Patented technology uses a split payment method to verify identity

The iSignthis Paydentity™ solution as shown by the graphic below achieves the goals set out under 4AMLD and PSD2 by dynamically linking the payment device to the merchants bank account.









4. Worlds most advanced transactional banking platform

The building blocks have been established and transaction volumes are growing

- **Cross Listed** on the Australian Securities Exchange (ASX) & Deutsche Boerse (DE : TA8)
- **Deposit taking**, EEA Authorised Monetary Financial Institution (MFI) – **ISEMICY21**
- Paydentity™ **PCI DSS Level 1 & ISO27001 Certified** and EC GDPR ready in the cloud.
- **Patented** Paydentity™ process, providing barriers to entry
- National Australia Bank (ASX : NAB) **Payment Facilitation agreement operational**
- Worldline (FR : WLN) Payment Facilitation agreement **operations imminent.**
- **Multiple AML sector merchants contracted** across various sectors and jurisdictions.
- **Retail sector merchants also contracted** for high value, high risk, or cross border sales.
- Recurring Paydentity™ transactions commenced on commercial scale with revenues growing.

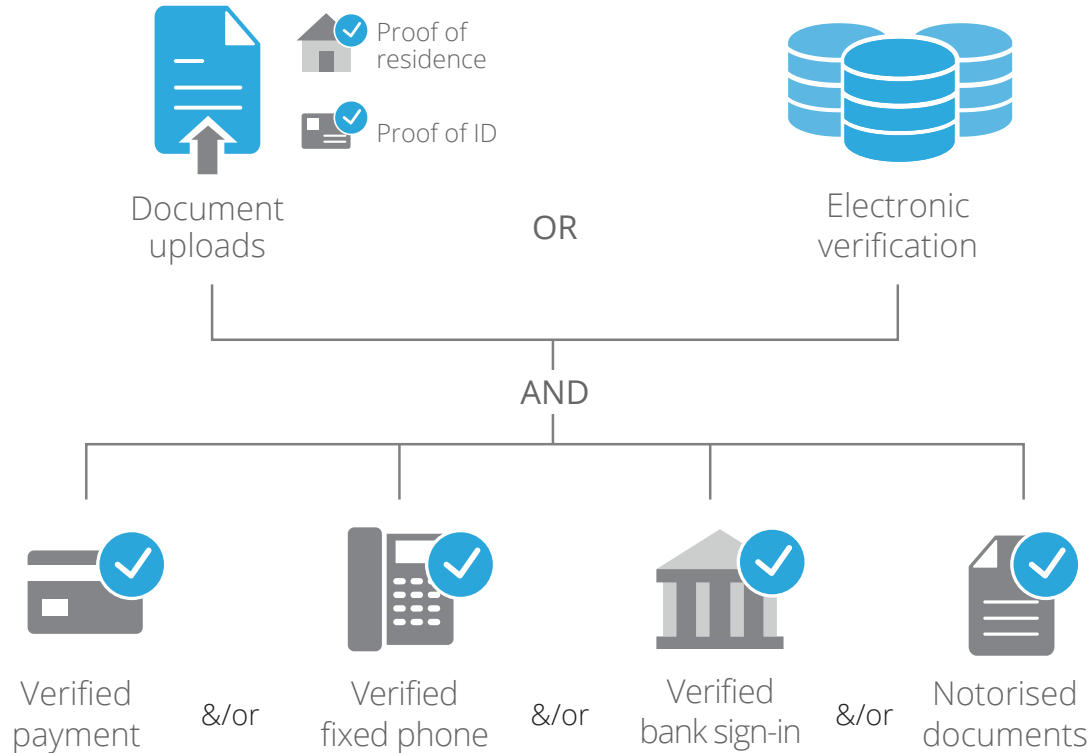
Appendices

Two companies own 100% of the IP around payment transaction dynamic Knowledge Based Authentication (KBA)

Approach	Examples (not exhaustive) Includes Europe and US 	Examples (not exhaustive) Includes Europe and US 
1 or more Test / Dummy Transactions / Changing merchant name	US7430537, CA2412184A1, EP1356438A2, EP1356438B1, EP2209095A1, US8296204, US8370259, US8417637, US8515871, US20020004772, US20080312998, US20120054103, US20120054104, US20120109823, US20130332364, WO2002005224A2, WO2002005224A3 	<i>Paypal's Dummy Credits approach DOES NOT SATISFY 4AMLD</i>
Dynamic Changing of Statement Descriptor	Random Alphanumerics US7734542, CA2728618A1, EP2304679A1, EP2304679A4, US8001050, US8452709, US20090319426, US20100241567, US20110302085, US20130268441, WO2010008770A1, WO2010008770A8 	Use of Equation, Anagram, Word to Match to Picture US6032863, US8131617, US7588181, US8805738, US7765153 
Splitting a Transaction (Sales) Value / More than two splits / As an advanced electronic signature		US8620810, CA2791752A1, CN102812480A, EP2553642A1, US20120323791, US20140222677, AU2012261779, AU2011235612, AU2010100533, ZA2012/06455, SG201206344-2, WO2011120098A1 

Note : Paypal Inc and iSignthis Ltd (held by ISX IP Ltd) both have multiple granted patents in numerous jurisdictions claiming monopoly over their core intellectual property.

Part 1 : 4AML DED : Cysec, Austrac & UK JMLSG Requirements



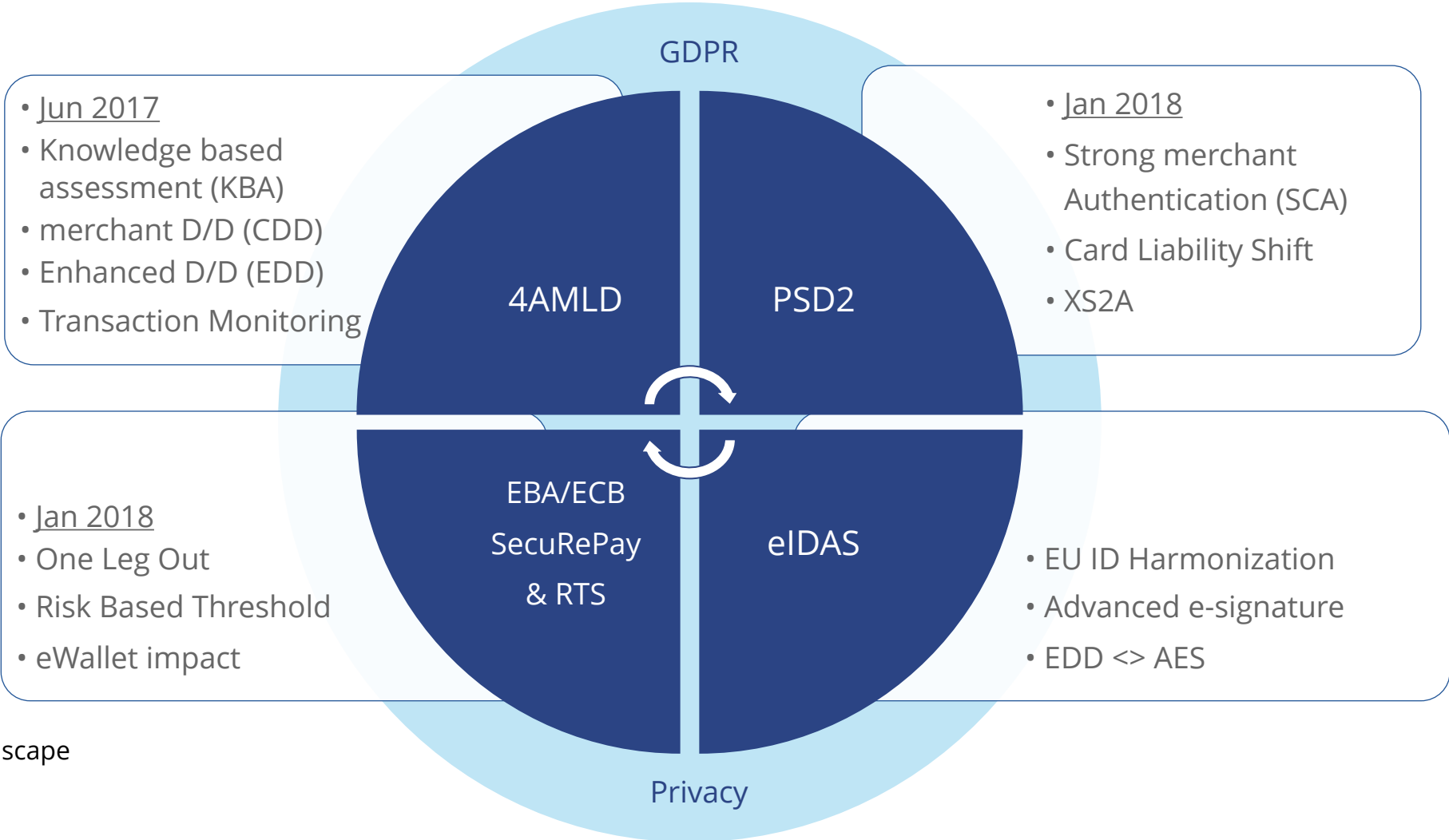
Satisfying Regulations:

Either Doc Uploads or Electronic Verification AND one of the second line.

By verifying payment, we confirm:

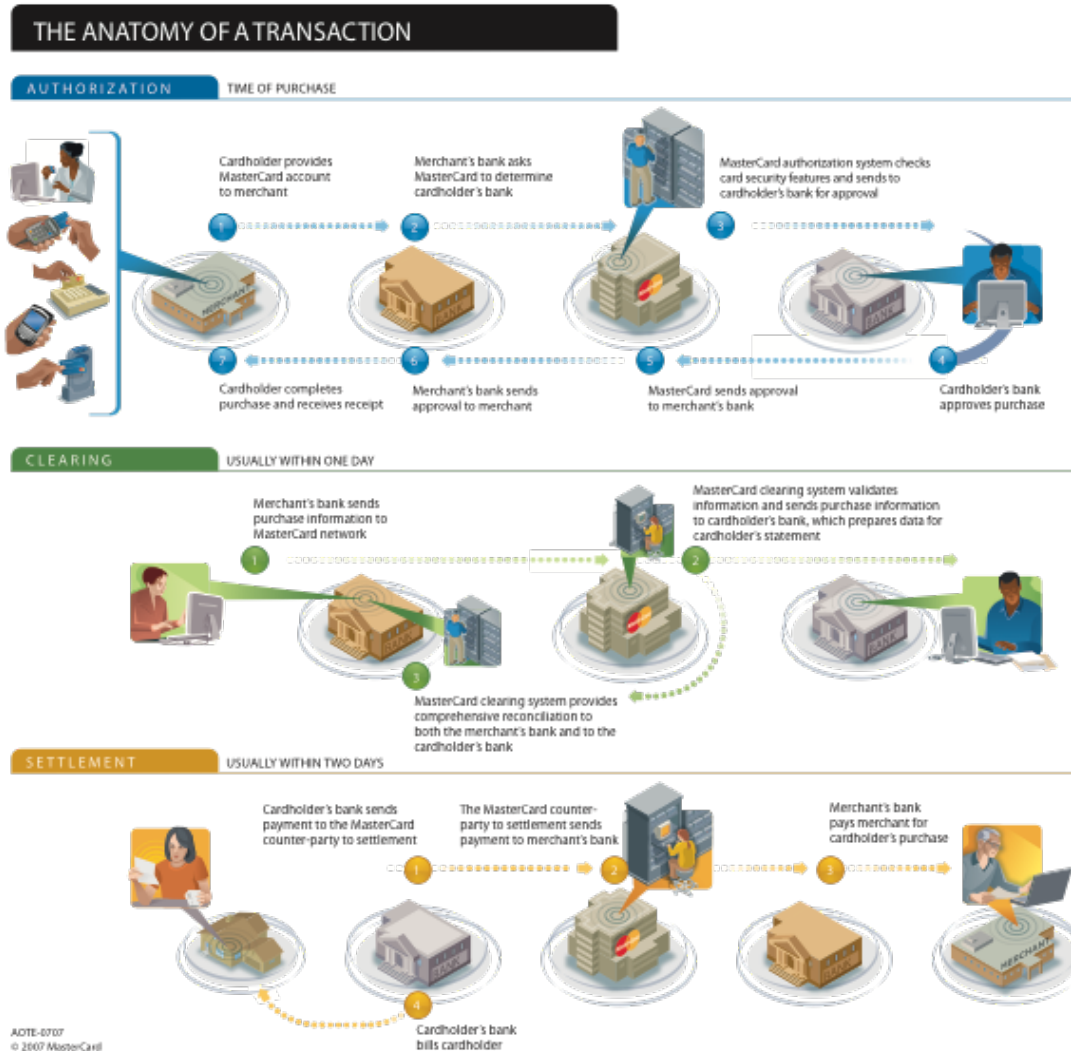
- a) Source of funds
- b) that funding is available
- c) Instantly for cards or within 2 business days for SWIFT/SEPA : completing enhanced CDD of merchant whilst onboarding merchant and taking payment!
- d) Payidentity™ incorporates bank issued credit and debit cards, as they are not only the leading online payment source, but also the largest single source of KYC data accessible globally.

The AML/CTF & payments regulations landscape is what we solve



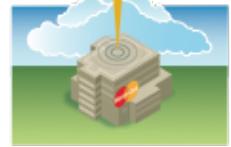
* Complex EU landscape shown by way of example.

Payment Settlement - explained



The MasterCard Network

- Connects 210 countries and more than 25,000 financial institutions
- Processes 5.4 million transactions per hour, and processes its portion of each transaction in an average of 129 milliseconds
- Saved customers approximately 1,173 cumulative years of processing time since 1997
- Processed 16.1 billion MasterCard-branded authorizations in 2006
- Maintains 99.999% global availability around the clock



Google analytics "session" data proves Paydentity's global reach & effectiveness

Sessions

309,675



Users

222,759



Pageviews

1,360,876



Pages / Session

4.39



Avg. Session Duration

00:03:38



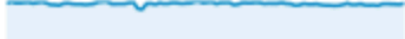
Bounce Rate

4.07%

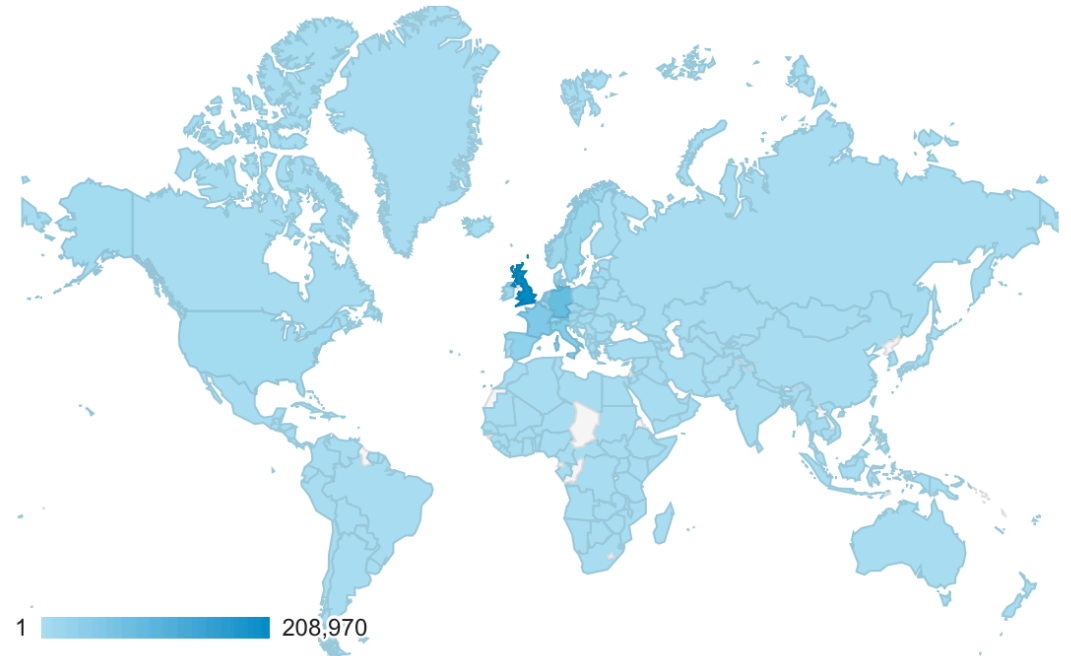


% New Sessions

70.22%



Actual Session data - last 3 months (July to September)



Thank you



iSignthis Ltd (ASX:ISX / FRA : TA8)

SWIFT/BIC : ISEMCY21

Contact @ [iSignthis.com](https://www.isignthis.com)