

## 1Q21 Appendix 4C and Business Activity Report

Melbourne, 28<sup>th</sup> April 2021: iSignthis Ltd (the Company), and its subsidiaries (the Group) are pleased to present their quarterly cash flow and business activity report.

- Cash and cash equivalents at the end of the quarter of \$14.8m was down \$1.8m from the prior quarter (\$16.6m) due to timing of several material payments, continued investment in technology and the impact from exchange rate movements (\$0.2m).
- Net cash used in operating activities was \$0.5m in the quarter, due to the timing of a \$636k previously disclosed Mastercard charge and a \$536k half yearly tax payment in Cyprus. Excluding these items operating cash flows were positive \$0.7m.
- Cash receipts of \$7.6m were down 5% versus the prior quarter due to seasonality and strengthening of the AUD \$ versus EURO € exchange rate.
- Payments for suppliers and employees of \$7.0m were down 3% versus the prior quarter, due to a lower card scheme fees partially offset by \$542k in legal and advisory costs related to the ASX and ASIC cases in the quarter.

Cash receipts of \$7.6m were down 5% on the prior quarter due to seasonality in online gaming, which traditionally slows in the first two months of the year, plus a strengthening in the Australian Dollar as our reporting currency versus the EURO (\$0.3m). In March the company saw a 27% increase in receipts from customers, as revenue rebounded post the seasonal decline, with almost all revenues now receipted in EUROS €.

Investment in technology and R&D was over \$1m in the quarter.

Payments for suppliers and employees were down 3% in the quarter to \$7.0m due to lower card scheme fees, as a result of seasonality in online gaming, partially offset by \$542k in legal and advisory costs related to the ASX and ASIC cases in the quarter (included in 1.2 (f)).

Payments for related parties including executive and non-executive directors' fees and salaries for the quarter were \$172k.

Quarterly cash flows were also impacted by the half yearly tax payment of \$536k made against last years profits and payment of a \$636k previously disclosed Mastercard charge.

The March month delivered positive operating cash flows, which is expected to continue into the coming period.

### **Business Update**

The business continues to focus on diversifying its revenue, away from card acquiring, towards lower cost instant and batched interbank payments, and creating a multi-rail ecosystem centred on its flykk<sup>®</sup> service.

This quarter, we have seen instant and batched interbank payments revenue grow by 14%, which has been offset by a decline in card acquiring revenue.

Pleasingly we have also seen revenue from Alternative Payments Methods (APMs) become significant in the quarter, now representing 14% of revenue and growing on average over 80% a month.

Overall revenues were down during the last quarter versus the previous quarter largely due to lower card acquiring revenues, as a result of seasonality in online video gaming.

The business is also pleased with the steady take up of flykk<sup>®</sup> in the quarter. We now have a number of merchants live with flykk and while the volumes remain small, we continue to see strong growth week on week. Merchant interest in flykk remains strong, with a significant pipeline of new customers, including the recent onboarding of the Playtech (LON : PTEC) platform and two William Hill (LON : WMH) brands.

The Company also completed integration to the WIX (NASDAQ : WIX) platform which complements the recent Worldline (EPA : WLN) Devcode platform integration, increasing the number of platforms with which we are integrated to include gaming, trading and e-commerce. The materiality (if any) of the foregoing cannot yet be assessed.

The revenue breakdown for the quarter is as follows:

- Online video gaming represents twenty five percent, with no single customer being individually material, with exposure to this industry segment reducing from forty percent last quarter.
- Regulated online gaming revenues represent thirty six percent, with no single customer being individually material, increasing from seventeen percent last quarter.
- CFD/FX represents ten percent of our revenues, with exposure to this industry segment increasing from nine percent last quarter. The Company has not at any stage processed payments for binary options providers in any jurisdiction.
- Crypto currency represents two percent of our revenues, reducing from three percent last quarter.
- Credit providers represent six percent of our revenues, up from two percent last quarter, due to the timing of product implementations in Probanx<sup>®</sup>.
- Travel services remains at zero percent of revenue, consistent with the prior quarter.
- Revenues from other sources, comprise the balance of the breakdown.

### **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**

## Appendix 4C

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

**Name of entity**

ISIGNTHIS LTD

**ABN**

93 075 419 715

**Quarter ended ("current quarter")**31<sup>st</sup> MARCH 2021 – 1Q21

<b>Consolidated statement of cash flows</b>	<b>Current quarter 1Q21 - \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,595	7,595
1.2 Payments for		
(a) research and development	(98)	(98)
(b) product manufacturing and operating costs	(2,713)	(2,713)
(c) advertising and marketing	(3)	(3)
(d) leased assets	(148)	(148)
(e) staff costs	(2,231)	(2,231)
(f) administration and corporate costs	(1,841)	(1,841)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(536)	(536)
1.7 Government grants and tax incentives	148	148
1.8 Other (Mastercard charge)	(636)	(636)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(459)</b>	<b>(459)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(43)	(43)
(d) investments	-	-
(e) intellectual property	(1,003)	(1,003)
(f) other non-current assets	-	-

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter 1Q21 - \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,046)</b>	<b>(1,046)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (merchant security received and card scheme membership security)	(136)	(136)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(136)</b>	<b>(136)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	16,611	16,611
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(459)	(459)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,046)	(1,046)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter 1Q21 - \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(136)	(136)
4.5	Effect of movement in exchange rates on cash held	(196)	(196)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>14,774</b>	<b>14,774</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	14,774	16,611
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,774</b>	<b>16,611</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(172)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(459)
8.2 Cash and cash equivalents at quarter end (item 4.6)	14,774
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	14,774
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	32
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

**Compliance statement**

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

28<sup>th</sup> April 2021

Date: .....

Elizabeth Warrell, Company Secretary

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

**Notes**

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