

iSignthis Limited ACN 075 419 715 (ASX: ISX)



REPLACEMENT PROSPECTUS

For an offer to transfer up to 110,079,450 shares in ISX Financial EU Plc ARBN 629 892 324 (**ISXFEU**) to shareholders of iSignthis Limited ACN 075 419 715 (**ISX**) pursuant to an in-specie distribution via a return of capital on the basis of One (1) ISXFEU Share to be distributed for every Ten (10) shares held in ISX to existing eligible shareholders of ISX (**Offer**).

Conditional Offer

This document is important and requires your immediate attention. You should read this Replacement Prospectus in its entirety and if after reading this Prospectus, you have any questions about the contents of this Prospectus, then you should consult your professional adviser.

This Offer is conditional upon the Condition outlined in section 6.1 being satisfied. If the Conditions are not satisfied, ISX will not proceed with the Offer.

The ISX Directors consider an investment in shares in ISX Financial EU Plc ARBN 629 892 324 (ISXFEU Shares) that will be distributed and transferred under this Prospectus to be speculative.

Contents

1.	Important Information	3
2.	Corporate Directory	5
3.	Key Information and Indicative Timetable	6
4.	Overview	7
5.	Letter from the ISX Board	16
6.	Details of the Demerger	17
7.	ISXFEU Group Overview	21
8.	ISXFEU Directors, Key Management and Corporate Governance of ISXFEU	51
9.	Financial Information	63
10.	Investigating Accountant's Report	81
11.	Tax Advisor's Report	85
12.	Risk Factors associated with the Offer	89
13.	Material Contracts	110
14.	Additional Information relating to ISXFEU	112
15.	ISX Directors' Authorisation	123
16.	Glossary	124

1. Important Information

1.1 Important Notice

This Replacement Prospectus is dated 7th September 2021 and was lodged by iSignthis Limited ACN 075 419 715 (**ISX** or **Company**) with the Australian Securities and Investments Commission (**ASIC**) on 7th September 2021. This Replacement Prospectus replaces the prospectus dated 31 August 2021 (Original Prospectus), a copy of which was lodged with ASIC on that date (Original Prospectus Date). For the purposes of this document, the Replacement Prospectus will be referred to as either the 'Replacement Prospectus' or 'Prospectus'.

This Prospectus differs from the Original Prospectus and has been issued to, amongst other things:

- (a) provide updated disclosure regarding ISX's remaining businesses, assets and liabilities post-Demerger;
- (b) provide updated disclosure regarding the convertible note in Section 4 (Overview);
- (c) provide updated disclosure and clarification regarding ISX's financial information in Section 9 (Financial information);
- (d) highlight the key risks relating to 'No Guarantee that Demerger will lead to quotation of ISXFEU's securities' and 'ISXFEU will not be subject to ASX Listing Rules, other exchange listing rules or relevant Australian Law' in Sections 4 (Overview) and Section 12.1 (Risks Related to ISXFEU Group's Operations); and
- (e) highlight Mr Karantzis' involvement in civil penalty proceedings by ASIC in the Federal Court of Australia in Section 8.1 (ISXFEU Director Profiles).

No ISXFEU Shares will be offered or transferred on the basis of this Prospectus later than the expiry date of the Original Prospectus being the date which is 13 months after the Original Prospectus Date.

Neither ASIC nor the Australian Securities Exchange (**ASX**) or any of their officers take any responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is the date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No ISXFEU Shares may be offered or transferred on the basis of this Prospectus after the Expiry Date.

This Prospectus is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

No person is authorised to give any information or to make any representation in connection with this Prospectus that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by ISX in connection with this Prospectus.

In making representations in this Prospectus, regard has been had to the fact that ISX is a disclosing entity for the purposes of the **Corporations Act 2001** (Cth) (**Corporations Act**) and certain matters may reasonably be expected to be known to ISX Shareholders and professional advisers whom ISX Shareholders may consult.

Defined terms and abbreviations used in this Prospectus are explained in section 16 of this Prospectus. Only existing ISX Shareholders will be eligible to receive ISXFEU Shares pursuant to this Prospectus.

The ISX Directors consider that an investment in the ISXFEU Shares that will be distributed and transferred under this Prospectus, to be speculative. Please refer to Section 12 for details relating to risk factors that could affect the financial performance and assets of ISXFEU.

Questions relating to this Prospectus can be directed to ISX at demerger@isignthis.com.au

Note that the reporting currency for both iSignthis Ltd and ISX Financial EU Plc is EUROS (€). Except for section 9, where historical ISX Financial have been represented as Australian Dollars (AUD\$). Where actual exchange rates are not available, an exchange rate of AUD\$1.6 to €1 has been used based upon the August 2021 average exchange rate from the Reserve Bank of Australia.

1.2 Exposure Period

The Corporations Act prohibits ISX from distributing and transferring ISXFEU Shares to ISX Shareholders during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the distribution and transfer of ISXFEU Shares. As the General Meeting is anticipated to be held on 12th October 2021, the Exposure Period will have ended by the time the in-specie distribution occurs, assuming ISX Shareholders approve the Capital Reduction Resolution at the General Meeting.

This Prospectus will be made generally available during the Exposure Period by being posted on ISX's website: www.isignthis.com/demerger. A paper copy will be made available to Australian residents on request to ISX during the Exposure Period.

1.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the ISX website at www.isignthis.com/demerger.

1.4 Overseas ISX Shareholders

This Prospectus does not constitute an offer or invitation to apply for ISXFEU Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Offer for securities under this Prospectus or otherwise permit the Offer to be made in any jurisdiction outside of Australia and New Zealand. The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia and New Zealand may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate applicable securities laws.

It is the responsibility of any overseas ISX Shareholders to ensure compliance with all laws of any country relevant to his or her shareholding.

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the ISXFEU Shares have not been, and will not be, registered under the US Securities Act of 1933 (US Securities Act), and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless the ISXFEU Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act is available.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, it is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. This offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. The Corporations Act and Corporations Regulations set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser. The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars. If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

2. Corporate Directory

ISX Directors

Mr Timothy J Hart

Mr Barnaby Egerton Warburton

Mr Scott Minehane

Mr Nickolas John Karantzis¹

ISX Company Secretary

Ms Elizabeth Warrell

Mr Todd Richards

ISX Registered Office

456 Victoria Parade

East Melbourne VIC 3002, Australia

ISXFEU Directors

(approved by the Central Bank of Cyprus)

Mr. Christakis Taoushanis

Mr. Nickolas John Karantzis

Mr. Dominic Melo

Ms. Elizabeth Warrell

ISXFEU Prospective Directors

(awaiting Central Bank of Cyprus Approval)

Mr. Timothy J Hart

Mr. Paul Barnes

Mr Panikos Poulos

Mr. Adonis Pegasiou

ISXFEU Company Secretary

Ms. Elena Pafiti

ISXFEU Registered Office

Makrasikas 1

KBC North

Strovolos, 2034, Nicosia

Cyprus

ISX Auditors and Investigating Accountant

BDO Audit Pty Ltd

Level 11, 1 Margaret Street

Sydney, NSW, 2000, Australia

ISXFEU Auditors²

BDO Limited

236 Strovolos Avenue

Strovolos

Nicosia, 2048, Cyprus

ISX Tax Accountant

RSM Australia Tax Law Pty Ltd

Level 13, 60 Castlereagh Street,

Sydney, NSW, 2000

ISXFEU Lawyers

Georgiades & Pelides LLC

16 Kyriakos Matsis Avenue, Eagle House 10th Floor, Agioi

Omoloyites, 1082 Nicosia, Cyprus

ISX Lawyers

HWL Ebsworth Lawyers

Level 8

447 Collins Street

Melbourne VIC 3000, Australia

ISX Share Registry³

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street,

Abbotsford VIC 3067, Australia

ISXFEU Share Registry⁴

CyMain Registrars Ltd

6th Floor, 31 Evagoras Avenue

Nicosia, 1066, Cyprus

Websites

www.isx.financial

www.flykk.it

www.probanx.com

www.clearpay.systems

www.payidentity.creditcard

¹ Mr. Karantzis is known outside Australia under his Hellenic name as Nikogiannis Karantzis

² This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

³ This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

⁴ This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

3. Key Information and Indicative Timetable

Description	Amount
ISXFEU Shares offered under the Prospectus	110,079,450
Amount to be raised under the Prospectus	Nil
ISXFEU Shares on issue before completion of the Offer.	110,079,450
Total ISXFEU Shares on issue on completion of the Offer	110,079,450

Note: The figures shown above assume an in-specie distribution of one (1) ISXFEU Share for every ten (10) ISX Shares held. Exact figures will be subject to rounding. Please refer to Section 6.6 for further details relating to the proposed capital structure of ISXFEU.

Indicative timetable	
Lodgement of this Prospectus with ASIC	7th September 2021
Voting Entitlement Date	10 th October 2021
General Meeting of ISX	12 th October 2021
Record Date	18 th October 2021
Transfer of ISXFEU Shares under the Prospectus (Demerger Date)	19 th October 2021
Dispatch of holding statements	26 th October 2021

The above dates are indicative only and may change without notice. ISX reserves the right to extend the Demerger Date without notice.

4. Overview

This Section is not intended to provide full information for ISX Shareholders who will be transferred ISXFEU Shares pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The ISXFEU Shares to be distributed pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the ISXFEU Shares.

Topic		More information
Introduction		
Who is the issuer of the Prospectus?	<p>iSignthis Limited ACN 075 419 715 (ISX), a company incorporated in Australia and listed on the ASX.</p> <p>The ISXFEU Shares proposed to be transferred pursuant to this Prospectus relate to ISX Financial EU Plc HE348009 (ARBN 629 892 324), a company incorporated in the Republic of Cyprus (ISXFEU).</p> <p>ISXFEU is a wholly beneficially owned subsidiary of ISX, that is proposed to be demerged if ISX Shareholder approval is received for the Demerger. The ISXFEU Group includes its wholly owned subsidiaries, including ISX Financial UK Ltd (ISXUK), Probanx Holdings Ltd and investments in associates.</p>	Section 7
What is the effect of the Offer on ISX and ongoing operations of ISX?	<p>The effect of the Offer on ISX will be:</p> <ul style="list-style-type: none"> (a) ISX ceasing to own the ISXFEU Shares; and (b) ISX's share capital and total net assets being reduced by approximately €8 million (AUD\$13 million), being the value attributed to the ISXFEU Shares; and (c) that, following completion of the in-specie distribution, ISX will have the remaining operations as set out in section 7.2.2 which comprises the opportunity to re-enter the Australian merchant card acquiring market by way of its existing Mastercard, ChinaUnionPay, Diners Discover and American Express agreements; and (d) subject to APRA authorisation and ASIC licensing, to establish a purchased payment (stored value) facility, that may be linked to debit cards from one the foregoing card schemes; and (e) ISX Shareholders that are registered on the Record Date will receive one (1) ISXFEU Share for every ten (10) ISX Shares held; and (f) ISX's Liabilities include those associated with funding the Federal Court Cases outlined in section 14.8, directors fees, ASX listing costs, staff costs for administration, professional fees for audit and tax, lease costs and business development expenses. Neither ISX nor ISXFAU have any debt. (g) Financial Year 2020 Pro Forma Financial information for ISX is set out in section 9.4 	Section 7.2.2
Who is ISXFEU and what does it do?	<p>ISXFEU, before the proposed Demerger, is a wholly beneficially owned subsidiary of ISX.</p> <p>ISXFEU is incorporated in the European Union Member state of the Republic of Cyprus with Company Number HE348009 and holds Central Bank of Cyprus authorisation #115.1.3.17 as a European Economic Area Electronic Money Institution and United Kingdom (UK) FCA 900871 as a UK Electronic Money Institution.</p> <p>ISXFEU owns 19.99% of its associate, the NSX Limited (NSXL), which is the 100% owner of the ASIC licenced Tier 1 Australian market operator and securities exchange, the National Stock Exchange of Australia Ltd (NSXA).</p> <p>ISXFEU additionally owns 59% of ClearPay Pty Ltd, a start-up venture co-owned 41% by the NSXL, that seeks to enter the clearing and settlement sector, currently</p>	Section 7.1

monopolised by the Australian Securities Exchange wholly owned subsidiary, ASXClear.

ISXFEU holds monetary financial services licences to operate as an authorised electronic money and payment institution in the European Economic Area (EEA) and the United Kingdom.

ISXFEU, through its Probanx® subsidiaries, develops financial and regulatory technology software for banks, credit unions, electronic money institutions, payment institutions and financial services companies. The software may be licenced, or provided as a service, for upfront and monthly fees, and integrated directly with customer systems, or via platform partners. The software includes solutions for customers onboarding, identity verification, core banking, interbank networking, card scheme processing, securities delivery versus payment, payment netting and electronic wallet solutions.

Key features of ISXFEU's business model

What is ISXFEU's business model?

The business model of ISXFEU Group is to develop regulatory and financial technology software solutions, and to either:

(a) deploy these solutions to other regulated financial institutions under a licensing or software as a service model; and/or

(b) in its capacity as a regulated monetary financial institution or through its regulated subsidiaries, offer financial services including payment processing, transactional banking, account issue, card issue, foreign exchange, remittance, securities trading, clearing, settlement, and electronic money services; and/or

(c) develop or acquire technologies in markets that are sympathetic with or adjacent to the sectors associated with the above activities.

ISXFEU relies upon its electronic money institution regulatory authorisations from each of the Central Bank of Cyprus and the United Kingdom's Financial Conduct Authority. Those authorisations permit it to hold central bank accounts for deposit of client funds, and to retain membership of various payment schemes, including card schemes and interbank network payment schemes. The authorisations also permit the ISXFEU Group to issue electronic money in the European Economic Area and the United Kingdom.

Section
7.3.1
and 7.5

What is ISXFEU's strategy?

ISXFEU Group intends to pursue further monetary financial services licences to operate in an equivalent manner as an authorised electronic money and payment institution in jurisdictions outside the EEA and the United Kingdom.

ISXFEU, through its Probanx® subsidiaries, intends to continue to develop financial and regulatory technology software for securities exchanges, banks, credit unions, electronic money institutions, payment institutions and financial services companies. The software may be licenced, or provided as a service, for upfront and monthly fees, and integrated directly with customer systems, or via platform partners. The software includes solutions for customers onboarding, identity verification, core banking, interbank networking, card scheme processing, securities delivery versus payment, payment netting and electronic wallet solutions.

ISXFEU may also undertake acquisitions that complement its business. ISXFEU will also explore further strategic business opportunities that may arise as a result of its financial and regulatory technology.

Some of these opportunities may include development of technology related to, and/or operation of, payment processing facilities, payment netting, delivery versus payment, transactional banking, deposit taking, custodial services, and lending, which may require ISXFEU to apply for and hold financial or prudential licences in jurisdictions where it intends to operate. The confluence of payment, banking, identity, and securities sector technologies may present ISXFEU with further opportunities that may be of strategic interest in adjacent market sectors or bring about further and new business models to complement those described in this Prospectus.

Section
7.3.3

What are ISXFEU's key assets?	<ul style="list-style-type: none"> • Beneficial ownership of its subsidiaries • Ownership in its associate, NSX Limited (ASX: NSX) • Internally developed software • Payment Scheme Licences (set out in Section 13.1) • Regulatory authorisations • Patents and trademarks • Cash 	Sections 7.2.1 and 7.5.1(iv)
What are ISXFEU's key dependencies?	<p>ISXFEU's key dependencies are;</p> <ul style="list-style-type: none"> • its UK and EEA regulatory authorisations as electronic money issuer in both jurisdictions; and • access to various payments schemes as a member, including Single Euro Payment Area (SEPA) and Mastercard; and • its intellectual property, including its patent portfolio and copyright in its inhouse developed identity, payments, electronic money, and core banking software. 	Sections 7.5.1(i), 7.5.1(ii) and 7.5.1(iv)
Who are ISXFEU's key competitors?	<p>ISXFEU Group has combined a number of regulatory and financial technology models to create a unique offering in its flykk[®] electronic money service, which competes with other electronic money services.</p> <p>ISXFEU Group also competes with United Kingdom and European Economic Area authorised issuers of electronic money, of which there are circa 245. However, not all issuers of electronic money offer the same range of services as ISXFEU or each other.</p> <p>ISXFEU competes with the New York Stock Exchange (NYSE) listed Paysafe group's Neteller/Skrill and offers a similar range of electronic money and digital wallet services targeting similar business sectors. ISXFEU also competes with conventional payment companies such as the Toronto Stock Exchange (TSX) listed Nuvei Corporation and privately held Trustly Group AB for card processing and SEPA processing services respectively.</p> <p>ISXFEU's Probanx division competes with a number of international companies, including Temenos and Oracle, in the CORE banking software development sector, as described herein.</p>	Section 7.7
What are ISXFEU's finance arrangements?	<p>On 30th August 2021, ISXFEU issued a convertible note to ISX, under which ISX advanced AUD\$6.6 million to ISXFEU. ISXFEU can elect to repay the loan in part or in whole at any time over the period of 10 years. In the absence of a subsisting event of default, ISX has no right to require early repayment. ISX has a right to convert the loan or interest (or part of it) into ordinary ISXFEU Shares at any time (to the extent that the loan has not been repaid). The conversion period commences on the fifth anniversary of 30th August 2026 and ends on the maturity date. The conversion date must be between 10 and 60 business days after the date of the conversion notice (unless otherwise agreed by the parties). Interest is payable on the principal sum of the loan and accrues quarterly in arrears at 1% above the Reserve Bank of Australia cash rate expressed on a per annum basis. ISX will have ongoing exposure to ISXFEU through its holding of the convertible note. For further details of the key convertible note terms, please refer to section 13.3.</p>	Section 13.3

Overview of the Offer

What is the Offer?	ISX is not making an offer to the public and is not seeking to raise cash. By this Prospectus, ISX offers to transfer 110,079,450 ISXFEU Shares to be proportionally distributed in-specie to existing ISX Shareholders.	Sections 3 and 6
What are the conditions of the Offer?	At the General Meeting, ISX will seek ISX Shareholder approval for the capital of ISX to be reduced by ISX making a pro-rata in-specie distribution of up to approximately 110,079,450 ISXFEU Shares to all holders of ISX Shares at the Record Date, on the terms and conditions set out in the Explanatory Statement.	Section 6.1
Why is the Demerger being conducted?	<p>The purpose of the Demerger is to:</p> <ul style="list-style-type: none"> allow ISXFEU to operate under European regulatory requirements from which region it derives more than 98% of its revenues, and provide a mechanism for ISXFEU to be listed on a stock exchange other than ASX, and thus to enhance ISXFEU's ability to raise funds on attractive terms to finance its strategic capital requirements for growing the business and allowing it to achieve its goals and objectives, and subject to being admitted to another exchange, to enable ISX Shareholders to trade their ISXFEU Shares freely, and enhance the public and financial profile of ISXFEU, and separate the prospective Australian Authorised Deposit Taking Institution (ADI) applicant, ISX Financial Pty Ltd (application submitted, but pending approval), which will continue to be a subsidiary of ISX, from the EU & UK operations which are owned by ISXFEU. 	Section 6.4
Why does ASX Listing Rule 11.4 not apply?	The Demerger will be via a proportional in-specie distribution to all ISX Shareholders, except those to be retained by ISX, and meets the requirements of ASX Listing Rule 11.4.1 as it is a pro-rata offer to all ISX Shareholders.	Section 6.3

Key Financial Information

What is our historical pro-forma financial performance?

	Consolidated Key Metrics – ISX AUD\$		
	ISX Consolidated		
	31-Dec-2018 AUD\$m	31-Dec-2019 ⁽¹⁾ AUD\$m	31-Dec-2020 AUD\$m
Profit and Loss Metrics			
Revenue and other income	6.6	30.8	37.3
Earnings before Interest, tax & other items ⁽²⁾	(7.3)	3.8	4.9
Profit/loss before income tax expense	(8.0)	2.3	2.9
Balance Sheet Metrics			
Net Assets	11.4	19.8	25.4
Working Capital (Current Assets less Current Liabilities)	9.9	15.5	13.2
Operational Metrics			
Electronic Money Issued	33.3	1,153.5	1,342.2

Sections 9 and 10

Consolidated Key Metrics – ISXFEU Pro-forma AUD\$

	ISXFEU Pro-forma Consolidated		
	31-Dec-2018 AUD\$m	31-Dec-2019 ⁽¹⁾ AUD\$m	31-Dec-2020 AUD\$m
Profit and Loss Metrics			
Revenue and other income	6.6	30.9	37.1
Earnings before Interest, tax & other items ⁽²⁾	(6.3)	5.2	8.8
Profit/loss before income tax expense	(6.6)	5.6	7.4
Balance Sheet Metrics			
Net Assets	0.1	9.1	10.8
Working Capital (Current Assets less Current Liabilities)	1.4	9.7	4.2
Operational Metrics			
Electronic Money Issued	33.3	1,153.5	1,342.2

Consolidated Key Metrics – ISXFEU Pro-forma EURO €

	ISXFEU Pro-forma Consolidated		
	31-Dec-2018 €'m	31-Dec-2019 ⁽¹⁾ €'m	31-Dec-2020 €'m
Profit and Loss Metrics			
Revenue and other income	4.2	19.2	22.3
Earnings before Interest, tax & other items ⁽²⁾	(4.0)	3.3	5.3
Profit/loss before income tax expense	(4.1)	3.5	4.4
Balance Sheet Metrics			
Net Assets	0.0	5.7	6.8
Working Capital (Current Assets less Current Liabilities)	0.8	6.0	2.7
Operational Metrics			
Electronic Money Issued	21.1	717.4	811.7

(1) Results for the year ended 31 December 2019 have been re-stated. The key metrics above are inclusive of the restatement. For the period ended 31 December 2019 there were three prior period restatements. The net impact on these restatements was a \$37,169 increase in net profit after tax for the 12 months ended 31 December 2019. Details of these 3 restatements can be found in Section 9.1.

(2) Earnings before Interest, tax & other items, excludes Depreciation & amortisation expense, Impairment of investment in associate, Share of losses from investment in associate, Share based payments, Net realised foreign exchange gain/(loss) and Finance Costs.

What is the financial position of ISXFEU and ISX post completion of the Offer and the Demerger?

ISXFEU is currently a subsidiary of ISX which is listed on the ASX and subject to continuous disclosure obligations. The financial history of the parent company, ISX, is available from the ASX Market Announcement Platform under the code “ISX”. Further financial information regarding ISXFEU is considered in Section 9 of this Prospectus and the Investigating Accountant’s Report in Section 10 of this Prospectus.

Sections 9 and 10

What is ISXFEU’s dividend policy?

ISXFEU does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the ISXFEU business. ISXFEU may also in future raise fresh capital in order to pursue strategic objectives, the outcome of which may also impact future dividend policy. Any future determination as to the payment of dividends by ISXFEU will be at the discretion of the ISXFEU Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of ISXFEU, future capital requirements and general business and other factors considered relevant by the ISXFEU Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

Section 6.8

Key risks

The risk factors set out in Section 12, and other general risks applicable to all investments in listed securities, may affect the value of the ISXFEU Shares in the future. Accordingly, an investment in ISXFEU Shares that will be distributed and transferred under this Prospectus should be considered highly speculative. Investors should refer to Section 12 for a more detailed summary of the risks.

Risk	Section
No Guarantee that Demerger will lead to quotation of ISXFEU's securities	12.1.1
ISXFEU will not be subject to ASX Listing Rules, other exchange listing rules or relevant Australian Law	12.1.2
ISXFEU is subject to macroeconomic conditions that affect consumer, business and government spending and growth in its markets.	12.1.3
ISXFEU may fail to successfully execute its strategy, including expanding its share of its existing digital payments markets, developing new capabilities, and expanding into new geographies.	12.1.4
ISXFEU is subject to credit risks in respect of counterparties, including other financial institutions.	12.1.7
ISXFEU's risk management policies and procedures may not be fully effective in mitigating its risk exposure against all types of risks.	12.1.14
Real or perceived data breaches and unauthorised disclosure of data, whether through cyber security breaches, computer viruses or otherwise, could expose ISXFEU to liability, protracted and costly litigation and damage its reputation.	12.1.17
ISXFEU may fail to hold, safeguard or account accurately for merchant or customer funds.	12.2.1
A substantial portion of ISXFEU's revenue is dependent on its continued membership in international payment schemes.	12.2.3
ISXFEU's systems and its third-party providers' systems may fail, including due to factors beyond its control, which could interrupt its services, cause it to lose business and increase its costs.	12.2.2
ISXFEU is influenced by regulation, and any new laws and regulations or industry standards, or revisions made to existing laws, regulations, or industry standards, affecting the digital payments industry and other industries in which it operates may have an unfavourable impact on its business, financial condition, and results of operations.	12.2.16
ISXFEU is subject to financial services regulatory risks, including regulatory licencing risks.	12.3.2

Proposed use of funds and other key terms of the Offer

Are there any proposed funds to be raised under the Prospectus?	No.	Section 6.5
Will ISXFEU be adequately funded after completion of the Demerger?	The ISX Directors are satisfied that on completion of the Offer ISXFEU will have sufficient working capital to carry out its business operations as set out above, excluding any acquisitions or expansions into new territories outside the EEA and UK.	Section 6.5
What rights and liabilities attach to the ISXFEU Shares being offered?	The rights and liabilities attaching to the ISXFEU Shares are described in Section 14.1.	Section 14.1
Will the ISXFEU Shares transferred under the Demerger be listed?	No. Once ISXFEU has demerged, ISXFEU will be an unlisted public company. ISXFEU will then commence preparations for admission to a regulated securities exchange although the timeframe for this is not yet determined.	Section 6.3
What are the tax implications of the Demerger?	The tax consequences will depend upon your particular circumstances. ISX Shareholders should obtain their own tax advice.	Section 6.20 and Section 11
How do I apply for ISXFEU Shares under the Demerger?	Subject to ISX Shareholders approving the Capital Reduction Resolution at the General Meeting, existing ISX Shareholders will automatically receive 1 ISXFEU Share for every 10 ISX Shares held.	Section 6.9.
When will I receive confirmation of my ISXFEU Shares under the Demerger?	It is expected that holding statements will be sent to all ISX Shareholders who hold ISX Shares on the Record Date by post or email on or about 26 th October 2021.	Section 3
How can I find out more about the Offer?	Questions relating to the Offer can be directed to demerger@isignthis.com.au . Further information is also available at www.isignthis.com/demerger	Section 6

ISXFEU Board and management

Who are the ISXFEU Directors?	<p>The ISXFEU Board comprises:</p> <ul style="list-style-type: none">• Mr Christakis Taoushanis, Independent Non-Executive Chair• Mr Nickolas John Karantzis, Managing Director• Mr Dominic Melo, Executive Director• Ms Elizabeth Warrell, CFO and Executive Director <p>Proposed independent non-executive ISXFEU Directors (subject to Central Bank of Cyprus (CBC) appointment process):</p> <ul style="list-style-type: none">• Mr Timothy Joseph Hart• Mr Paul Barnes• Mr Panikos Poulos• Mr Adonis Pegasiou <p>As individual ISXFEU Directors receive a “no objection” notice from the CBC, they will be invited to formally join the ISXFEU Board of ISXFEU Directors.</p> <p>ISXFEU Director Experience Summary</p> <p>Mr Taoushanis has over 35 years’ experience, including with multinational banks in Europe, the US and Asia. He also has experience with entities listed on the Australian, Cyprus and London Stock Exchanges.</p> <p>Mr Karantzis is the founder of ISX and ISXFEU and has more than 25 years’ experience, including with several ASX listed entities.</p> <p>Ms Warrell has more than 20 years’ experience, including with the National Australia Bank and GE Money.</p> <p>Mr Melo has more than 20 years’ experience and has served on the boards of more 2 other EU prudentially regulated entities.</p>	Section 8.1
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Who are the key management personnel?	<p>The key management personnel of ISXFEU will include:</p> <ul style="list-style-type: none">• Mr. Nickolas John Karantzis – ISXFEU Managing Director and Chief Executive Officer (CEO)• Ms Elizabeth Warrell – Chief Financial Officer (CFO) and Executive Director• Mr. James Lindsay Cameron - Chief Risk Officer (CRO)• Mr. Andreas Karantzis - Chief Sales Officer (CSO)• Mr. Andrew Evers - Chief Technology Officer (CTO) <p>Refer to Section 8.5 for details of the relevant experience and expertise of the key management and other senior management personnel.</p>	Section 8.5
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What are the significant interests of ISXFEU Directors?	<p>The interests of the ISXFEU Directors are detailed in Section 8.1.</p> <p>The security holdings of ISXFEU Directors are set out in Section 8.3.</p> <p>Section 8.7 sets out details of related party transactions with ISXFEU from which the ISXFEU Directors or former ISXFEU Directors may benefit.</p> <p>On completion of the Demerger, ISXFEU Directors, Mr Christakis Taoushanis, Mr Dominic Melo, Ms Elizabeth Warrell and the proposed ISXFEU Directors Mr Timothy Joseph Hart and Mr Paul Barnes will each hold less than 5% of ISXFEU Shares. Further, collectively they will hold less than 5% of ISXFEU Shares.</p> <p>The proposed ISXFEU Directors Mr Panikos Poulos and Mr Adonis Pegasiou will not hold any ISXFEU Shares.</p> <p>Consistent with his existing holdings in ISX, on completion of the Demerger, Mr Nickolas John Karantzis will become a holder of approximately 41% of the ISXFEU Shares. Similarly, Mr Andreas Karantzis, the brother of Mr Nickolas John Karantzis, will hold approximately 10.4% of the ISXFEU Shares</p>	Sections 8.1 and 8.3
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ISXFEU Director	ISXFEU Shares to be received pursuant to the Demerger	% Interest upon completion of the Demerger
Mr. Christakis Taoushanis ⁵	258,500	0.20%
Mr. Nickolas John Karantzis ⁶	45,129,775	41.0%
Mr. Domenic Melo	116,029	0.10%
Ms. Elizabeth Warrell	44,672	0.04%

Other Items

What material contracts is ISXFEU a party to?	<p>The material contracts of ISXFEU comprise:</p> <ul style="list-style-type: none"> • Payment Scheme Licences • Central Bank Accounts (set out in Section 13.2) • Platform Partners (set out in section 13.4) <p>No individual customer represents more than 10% of ISXFEU's consolidated revenue.</p> <p>For further information, refer to Section 13.</p>	Section 13
Will any ISXFEU Shares be subject to escrow?	No ISXFEU Shares distributed under the Demerger will be subject to escrow or any restriction.	Section 6.7
Will I still own ISX Shares?	<p>Yes, you will continue to hold your existing ISX Shares.</p> <p>On completion of the Demerger, ISX's share capital and total net assets will be reduced by approximately €8 million (AUD\$13 million), being the value attributed to the ISXFEU Shares.</p>	Section 6.12

⁵Mr. Taoushanis will hold ISXFEU Shares via Triple Smile International Ltd and directly.

⁶Mr. Karantzis will hold ISXFEU Shares via Select All Enterprise Ltd and Ithaki Nominees Pty Ltd.

5. Letter from the ISX Board

Dear ISX Shareholder

On behalf of the ISX Directors, we are pleased to present this Prospectus in relation to an offer to receive ISXFEU Shares that will be distributed and transferred under this Prospectus, subject to ISX Shareholders' approving the Capital Reduction Resolution at the General Meeting. This Prospectus has been issued by ISX with no public offering to raise capital.

ISXFEU Group comprises several technology companies incorporating EEA and UK financial institution authorisations, headquartered in the European Union Member state of the Republic of Cyprus. Its inhouse developed flykk®, ISXPay®, Payidentity™(patented), Probanx® CorePLUS® and CoreConnect platforms allow us to deliver technology and financial services to our customers. ISXFEU employs more than 110 staff located across Melbourne, Sydney, Vilnius, Nicosia, London, Amsterdam, and Tel-Aviv. Approximately half of our staff have a technical skillset, with more than 45% of our employees being women.

The demerger of ISXFEU offers ISX Shareholders a unique opportunity to restructure the operating subsidiaries in preparation for an intended admission to a securities exchange outside of Australia. It will then allow our existing ISX Shareholders the opportunity to directly trade their securities and/or further invest in an area of ever-increasing global significance, being those of digital identity, payments, transactional banking, electronic money, and regulatory technology. The growing challenges faced by regulated organisations to conduct the customer due diligence process of Know Your Client (**KYC**) to Anti Money Laundering (**AML**) / Counter Terrorism Funding (**CTF**) requirements are time consuming, costly and in many cases a barrier to doing business online. ISXFEU can assist banks, online betting companies, brokers, exchanges, and other AML/KYC regulated entities to authenticate and process the source of funding used by a person. The ability to be able to verify a person digitally and remotely is a valuable tool, particularly when it is automated and is linked to customers who are prepared to pay for online services. This may in turn provide a foundation for, or augment, a Customer Identification Program to meet KYC for AML/CTF regulated entities.

As our digital age brings new opportunities for online commerce and services, fraud unfortunately also increases, making solutions like those provided by ISXFEU increasingly valuable to both commercial entities and Governments. ISXFEU products and services can thus be applied across identity and payment authentication applications, either to assist regulated entities with their compliance requirements, or assist in lowering online fraud during day-to-day e-commerce transactions.

This Prospectus includes details of the Demerger, ISXFEU Shares, the assets, and proposed operations of ISXFEU together with a statement of the risks associated with participating in the Offer. We recommend that you study the document carefully and seek independent professional advice before considering your vote at the upcoming ISX general meeting of shareholders.

Yours sincerely,



Timothy J Hart
Chairman – iSignthis Ltd (ISX)

6. Details of the Demerger

6.1 Conditions of Demerger

The Demerger is conditional upon ISX Shareholder approval of the Demerger.

6.2 Minimum Subscription

There is no minimum subscription as there are no funds being raised.

6.3 Compliance with ASX Listing Rules and Corporations Act

The Offer is made to all ISX Shareholders on a pro rata basis in compliance with ASX Listing Rule 11.4.1.

According to ASIC Regulatory Guide 188, the invitation to ISX Shareholders to vote on the Capital Reduction Resolution constitutes an "offer" of the ISXFEU Shares which requires disclosure for the purposes of Chapter 6D of the Corporations Act, unless an exemption applies, or ASIC provides relief. As no exemptions apply and no relief was sought, ISX has prepared this Prospectus to accompany the Notice of Meeting and satisfy its disclosure obligations.

6.4 Reasons for the Demerger

The reasons for the Demerger are to:

- allow ISXFEU to operate under European regulatory requirements from which region it derives more than 98% of its revenues.
- provide a mechanism for ISXFEU to be listed on a stock exchange other than ASX, and thus to enhance ISXFEU's ability to raise funds on attractive terms to finance its strategic capital requirements for growing the business and allowing it to achieve its goals and objectives.
- subject to being admitted to another exchange, to enable ISXFEU Shares to be traded freely.
- enhance the public and financial profile of ISXFEU.
- separate the prospective Australian ADI applicant, ISX Financial Pty Ltd, from the EU & UK operations.

Following comprehensive consideration of the relevant factors, the ISX and ISXFEU Boards have determined that the Demerger is in the best interests of ISX Shareholders for the following reasons:

1. The securities of ISX, which is the sole shareholder of ISXFEU, have been suspended from trading on ASX since 2 October 2019 ("**Suspension**"), which was initiated by the ASX.
2. since the Suspension, ISX has been responding to, and continues to be in ongoing dialogue regarding, various queries received from ASX.
3. ISX and ISXFEU are co-plaintiffs in a Federal Court of Australia proceeding against the ASX, which may take some time to resolve. It is unlikely that the ASX will lift the current suspension of ISX before the matter is heard and determined.
4. ISXFEU could advantageously utilise new funding to meet strategic capital requirements. However, due to the Suspension of ISX securities by the ASX, ISXFEU expects that it would face significant and increasing difficulty raising funds on attractive terms and has not benefited from being part of a listed group. As such, ISX is seeking to carry out the Demerger to enable ISXFEU to raise third party funding and pursue discretionary strategic acquisitions or new licencing opportunities.
5. while ISXFEU remains underfunded, its ability to progress to its intermediate term goals of expansion into new jurisdictions will remain limited; and
6. the Demerger should not result in any substantial diminution of the protection for minority ISX Shareholders. ISXFEU will be a public company, with shareholder protections available under common law rights under Cypriot Companies Law, with the key differences between Australian and Cyprus company law outlined at section 14.2.
7. ISX Shareholders had given an indication of their intentions, particularly since they had already voted overwhelmingly in favour of ISX seeking a listing on another exchange at the 17th July 2020 ISX Shareholders meeting⁷. ISX will seek ISX Shareholder approval for the Demerger at the General Meeting.

⁷ See resolutions 6 and 7 per <https://www.asx.com.au/asxpdf/20200717/pdf/44kmn4lmvqh0b9.pdf>

The consequences for the ISX Shareholders post Demerger include:

1. ISX ceasing to own the ISXFEU Shares; and
2. ISX's share capital and total net assets being reduced by approximately €8 million (AUD\$13 million), being the value attributed to the ISXFEU Shares.
3. following completion of the in-specie distribution, ISX will have the remaining assets as set out in section 7.2.2; and
4. ISX holders will own shares in an unlisted public company ISXFEU, in addition to their shares in ISX.

ISXFEU proposed future listing

Following the Demerger, ISXFEU will be able to assess opportunities to seek an alternative listing on an exchange other than the ASX, where it considers ISXFEU will have greater access to capital, and ISXFEU Shareholders will have the benefit of increased liquidity. As at the date of this announcement, no listing application has been made to any overseas exchange, and the proposed terms of any such listing (including a potential timeline) have not been determined.

This proposed future listing of ISXFEU is currently an expression of intention only. Any such listing is subject to a number of factors which are outside of the control of ISXFEU (including ISXFEU being able to satisfy the requirements of the relevant exchange and that relevant exchange approving an application from ISXFEU to be listed), and no guarantee can be given by ISXFEU or its officers that a listing on any exchange can or will be achieved by ISXFEU.

6.5 Use of Funds

No Funds are being raised under this Prospectus.

6.6 Capital Structure

The proposed pro forma capital structure of ISXFEU following completion of the in-specie distribution is as follows:

Capital Structure	
Existing ISXFEU Shares on issue at the date of this Prospectus	110,079,450
ISXFEU Shares to be issued pursuant to the Demerger	None
Total Fully Paid Ordinary ISXFEU Shares⁸	110,079,450

6.7 Restricted Securities

There are no restrictions on any of the ISXFEU Shares, and ISXFEU only has fully paid ordinary shares on issue, with all ISXFEU Shares ranking pari-passu.

6.8 Dividend Policy

ISXFEU does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the ISXFEU business. ISXFEU may also in future raise fresh capital in order to pursue growth and strategic objectives, the outcome of which may also impact future dividend policy.

Any future determination as to the payment of dividends by ISXFEU will be at the discretion of the ISXFEU Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of ISXFEU, future capital requirements and general business and other factors considered relevant by the ISXFEU Directors. No assurances can be given by ISXFEU in relation to the payment of dividends.

⁸ Final numbers may be subject to minor change due to rounding of individual shareholdings.

6.9 Applications

There is no application form, and no such form is required to be completed or submitted by ISX Shareholders to receive ISXFEU Shares.

Pursuant to relief available under ASIC Corporations (Application Form Requirements) Instrument 2017/241, applications for ISXFEU Shares under this Prospectus will be automatic for existing ISX Shareholders.

6.10 Application Monies Not Required

Given the Offer is made in the context of a capital reduction, no application monies are required from ISX Shareholders.

6.11 Allocation of ISXFEU Shares

ISXFEU Shares will be allocated on a proportional basis to existing shareholdings in ISX.

For every ten (10) ISX Shares held, one (1) ISXFEU Share will be allocated to that ISX Shareholder, based on the number of ISX shares held on the record date. The number of ISXFEU Shares issued shall be rounded to the nearest whole for fractions of zero point five (0.5) and above and rounded down when less than zero point five (0.5).

6.12 Retention of ISX Shares

ISX Shareholders will retain all of their shares in ISX.

6.13 ISX Shareholders outside Australia and New Zealand

No action has been taken to register or qualify the ISXFEU Shares or the Offer, or otherwise to permit a transfer of the ISXFEU Shares, in any jurisdiction outside Australia and New Zealand except to the extent permitted below.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. People who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The ISXFEU Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act 1933 and any other applicable securities laws.

Each ISX Shareholder will be taken to have represented, warranted, and agreed that he, she or they:

- understand that the ISXFEU Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities law of any state of the United States and may not be offered, sold or resold in the United States, or to or for the account or benefit of US Persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act 1933 and any other applicable securities laws.
- are not in the United States or a US Person and is not acting for the account or benefit of a US Person.
- has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and
- will not offer or sell the ISXFEU Shares in the United States or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia and New Zealand except in transactions exempt from, or not subject to, registration under the US Securities Act 1933 and in compliance with all applicable laws in the jurisdiction in which ISXFEU Shares are offered and sold.

6.14 Lead Manager

There is no lead manager in relation to this offer.

6.15 Commissions on Application Forms

There is no commission payable on applications.

6.16 ISXFEU Share Register

All ISXFEU Shareholders will be registered on a certified register and their statement will be dispatched by CyMain and will contain the number of ISXFEU Shares transferred to them under this Prospectus and their security holder reference number. ISX Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

6.17 Risks

As with any share investment, there are risks associated with participating in this Offer. The principal risks that could affect the financial and market performance of ISXFEU are detailed in Section 12 of this Prospectus. The ISXFEU Shares to be distributed under this Prospectus should be considered speculative. Accordingly, before deciding to approve the Demerger, ISX Shareholders should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.18 Forecast Financial Information - ISXFEU

The Prospectus does not contain prospective financial information. The ISXFEU Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to include prospective financial information in this Prospectus.

6.19 Privacy Statement

ISX collects, holds and will use that information to service the needs of ISX Shareholders which it will pass to ISXFEU with the transfers.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; Cypriot Tax Department, authorised securities brokers; print service providers; mail houses and the Share Registry CyMain.

You can access, correct, and update the personal information that ISX holds about you. If you wish to do so, please contact the Share Registry at <http://www.cymainregistrars.com.cy>

Collection, maintenance, and disclosure of certain personal information is governed by legislation including the European Union's General Data Protection Regulation. You should note that if you do not update the information about you held by ISX's share registry, Computershare, ISXFEU may not be able to send you details regarding your Allocation.

6.20 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Demerger, by consulting their own professional tax advisers. Neither ISX nor any of the ISX Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above. A summary of the general tax implications of holding ISXFEU Shares following the Demerger for Australian resident shareholders is set out in the Tax Advisor's Report in Section 11

7. ISXFEU Group Overview

This section provides an overview of the ISXFEU and its business covering the following areas:

Section 7.1: ISX and ISXFEU Group's Origins – Timeline

Section 7.2: Corporate Structure of ISX Group – Relationship of subsidiaries

Section 7.3: Introduction to ISXFEU – Introduction to the business, including ISXFEU's business strategy, financial highlights, and key strengths

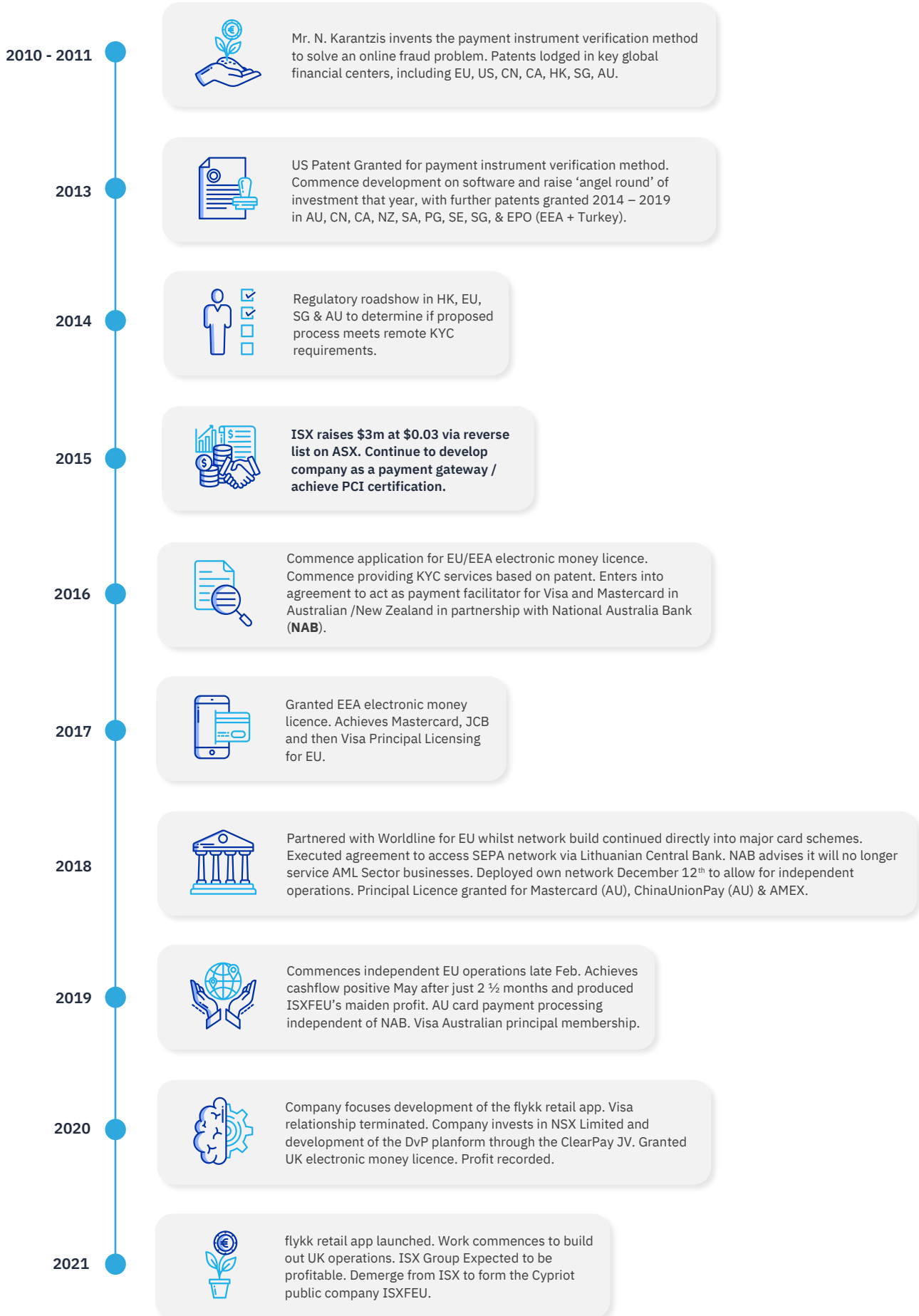
Section 7.4: ISXFEU's Customers and Merchant and Commercial Partners – ISXFEU's customers and merchant and other commercial partners

Section 7.5: ISXFEU's Products and Distribution – Product offering, key business lines and distribution channels by product

Section 7.6: ISXFEU's Organisation Structure – Organisation structure and employees

Section 7.7: ISXFEU's Macroeconomic, Competitive and Regulatory Environment – Macroeconomic environment, competitors and regulatory environment.

7.1 ISX and ISXFEU Group's Origins



7.2 Corporate Structure

ISX Financial EU Plc (**ISXFEU**) was incorporated as a private company on 19th October 2015 under the Companies Law under the name iSignthis eMoney Ltd. On 9th January 2021, ISXFEU changed its name to ISX Financial EU Ltd. ISXFEU applied to be converted to a public company during August 2021 by application to the Cypriot Registrar of Companies. Following the conversion, ISXFEU will change its name to ISX Financial EU Plc and adopted new articles of association consistent with the requirements of a public company. ISX is the beneficial owner of 100% of the ISXFEU Shares.

Its Memorandum of Association and Articles of Association are available from ISXFEU’s website www.isx.financial/constitution

The structure of ISXFEU, including its key subsidiaries, following the Demerger, is shown below:

ISX FEU Group

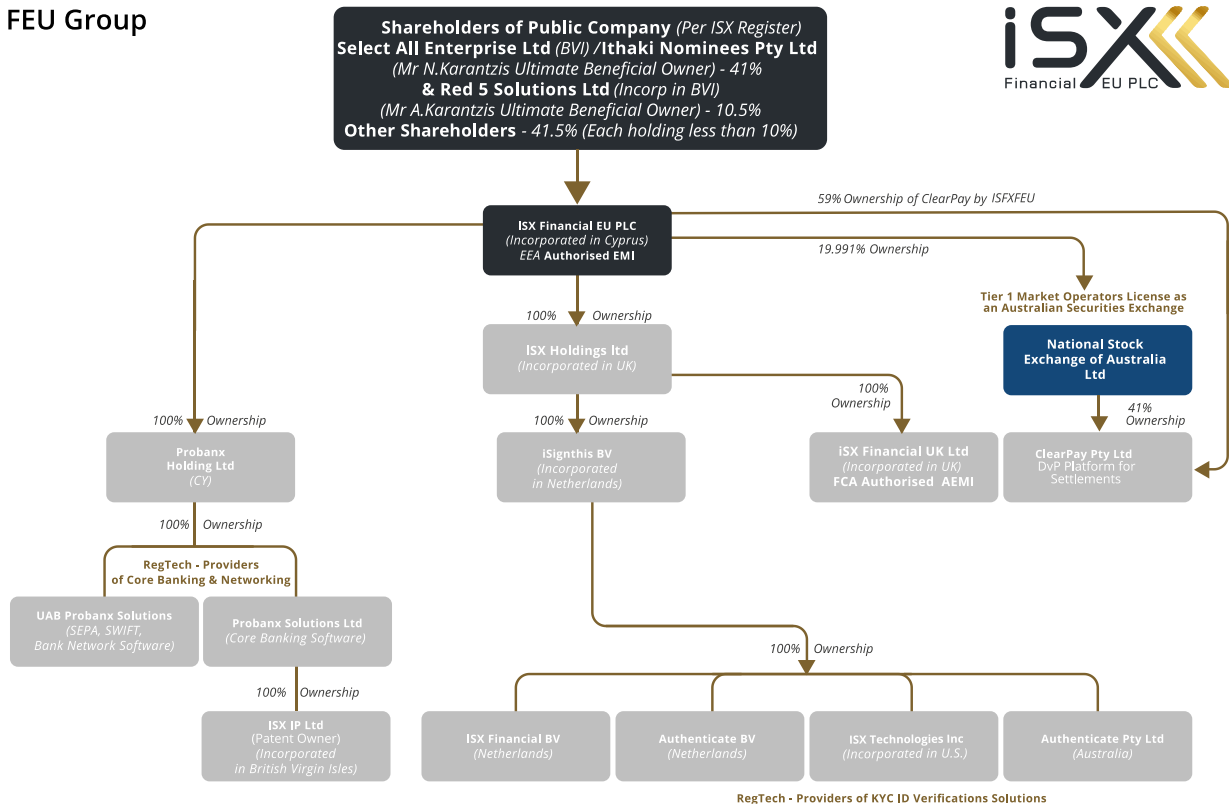


Figure 1 - ISXFEU Group Corporate Organization Chart

Name	Principal place of business /Country of incorporation	Ownership interest 31 December 2020 %	Company Number
Authenticate Pty Ltd	Australia	100.00%	600573233
Authenticate BV	Netherlands	100.00%	62744968
Authenticate Solutions Pty Ltd ⁽¹⁾	Australia	100.00%	165845125
ClearPay Pty Ltd	Australia	59.00%	638533418
ISX IP Ltd	British Virgin Islands	100.00%	1842689
ISX Financial EU Plc ⁽²⁾	Cyprus	100.00%	348009
ISX Technologies Inc. ⁽³⁾	USA	100.00%	5868104
ISX Financial UK Ltd ⁽⁴⁾	United Kingdom	100.00%	10002662
iSignthis BV	Netherlands	100.00%	60762187
ISX Holdings Ltd ⁽⁵⁾	United Kingdom	100.00%	12488005
Probanx Holdings Ltd	Cyprus	100.00%	384686
Probanx Solutions Ltd ⁽⁶⁾	Cyprus	100.00%	111921
UAB Probanx Solutions ⁽⁷⁾	Lithuania	100.00%	302590499
ISX Financial BV	Netherlands	100.00%	82471797

(1) Previously known as iSignthis Solutions Pty Ltd

(2) Previously known as ISX Financial EU Ltd

(3) Previously known as iSignthis Inc

(4) Previously known as iSignthis (UK) Ltd

(5) Previously known as Probanx Holdings Ltd

(6) Previously known as Probanx Information Systems Ltd

(7) Previously known as UAB Baltic Banking Services

7.2.1 Key assets

The Key Assets of ISXFEU include:

- beneficial ownership of its subsidiaries.
- ownership in its associate, the NSX Limited.
- copyright in and ownership of its Paydentity™, ISXPay®, Probanx® and flykk® software source code (internally generated software).
- payment Scheme Licences, including SEPA, Mastercard, JCB, Diners, Discover, Faster Payments Service and BACs.
- regulatory authorisations, including UK FCA and Central Bank of Cyprus electronic money institution licences.
- patents (set out in section 7.3.2(iv) 7.5.1(iv)(c) and trademarks (set out in section 7.5.1(iv)(d)); and
- cash.

The revenue generating subsidiaries of ISXFEU during FY 2020 include;

- Probanx Solutions Ltd
- UAB Probanx Solutions
- Authenticate Pty Ltd
- Authenticate BV

7.2.2 Assets and Liabilities Remaining with ISX post Demerger

- a. ISX will retain the ISX Financial Pty Ltd (**ISXFAU**) business unit, which has applied to the Australian Prudential Regulatory Authority (**APRA**) for an Australian Authorised Deposit-taking Institution (**ADI**) licence under the Purchased Payment Facility (PPF) subclass. It has also applied for a non cash payment, custodial and depositary Australian Financial Services Licence (AFSL) application to ASIC, linked to the APRA PPF ADI application. These authorisations and licenses, if granted, will allow the ISX to retain 'stored' value on behalf of retail customers, and to journal that stored value against a Bank Sub Branch (BSB) and ISXAU issued account number. Further, by leveraging one or more of its card scheme licenses below, ISXAU may issue debit cards linked to the stored value accounts.
- b. ISX Financial Pty Ltd is an Australian principal member of Mastercard, with a AUD\$400,000 cash collateral on behalf of ISX in place with Mastercard's bankers. Its licence, which is independent of ISXFEU, is presently for card acquiring, however, this can be extended to card issuing and to include Mastercard Send and Home Send services. ISXFEU and ISX Financial Pty Ltd have entered into a technical gateway services agreement for access to the PCI DSS level 1 certified ISXPay gateway on a per usage basis.

ISX also retains card acquiring licences from ChinaUnionPay, Diners Discover and American Express, in addition to Mastercard, for the Australian region;

These previously disclosed licenses, in conjunction with the technical services gateway agreement, will allow ISXFAU to process card payments on behalf of merchants for a percentage fee of the Gross Processed Turnover Volume (**GPTV**) per merchant. This would be an Australian region continuation of the card acquiring business model that ISX has been delivering and reporting upon since 2018, clearly separated by way of the demerger from its European and UK merchant GPTV processing activities. The revenues from card acquiring in Australia will need to be re-developed, as ISXFAU lost its Australian customer base, and thus revenues, during late 2019 as a consequence of the ASX suspension.

- c. AUD\$6.6m Convertible note as outlined in section 13.3. On 30th August 2021, ISXFEU issued a convertible note to ISX, under which ISX advanced AUD\$6.6 million to ISXFEU. ISXFEU can elect to repay the loan in part or in whole at any time over the period of 10 years. In the absence of a subsisting event of default, ISX has no right to require early repayment. ISX has a right to convert the loan or interest (or part of it) into ordinary ISXFEU Shares at any time (to the extent that the loan has not been repaid). The conversion period commences on the fifth anniversary of 30th August 2026 and ends on the maturity date. The conversion date must be between 10 and 60 business days after the date of the conversion notice (unless otherwise agreed by the parties). Interest is payable on the principal sum of the loan and accrues quarterly in arrears at 1% above the Reserve Bank of Australia cash rate expressed on a per annum basis. ISX will have ongoing exposure to ISXFEU through its holding of the convertible note. For further details of the key convertible note terms, please refer to section 13.3.; and

approximately AUD\$4.3m cash at the date of this prospectus; and

- d. ISX's Liabilities include those associated with funding the Federal Court Cases outlined in section 14.8, directors fees, ASX listing costs, staff costs for administration, professional fees for audit and tax, lease costs and business development expenses. Neither ISX nor ISXFAU have any debt.
- e. Financial Year 2020 Pro Forma Financial information for ISX is set out in section 9.4

7.3 Introduction to ISXFEU



Figure 2 - ISXFEU Group office locations

7.3.1 Business Overview

The following description of ISXFEU's business assumes the completion of the Demerger.

ISXFEU is a Cyprus incorporated regulated financial services company and developer of RegTech solutions, headquartered in Nicosia (Cyprus), with operations centres in Melbourne and Sydney (Australia), Vilnius (Lithuania), Raleigh, NC, (USA) and London (UK) with sales offices in Amsterdam (the Netherlands), Tel-Aviv (Israel) and Valetta, (Malta).

ISXFEU has developed and extended its own monetary financial services technology stack including payment gateway, core banking, interbank networking and KYC platforms. ISXFEU uses this technology stack to deliver payment and eMoney services to business and retail customers under EU and UK monetary financial services authorizations. ISXFEU also provides the platforms as a technology provider to other regulated financial institutions under either Software as a Service (**SaaS**) or a licensing plus service fees model.

In September 2020, ISXFEU's UK subsidiary, **ISXUK** was granted an authorisation as an authorised e-money institution (**AEMI**) by the FCA under the **Electronic Money Regulations 2011** (United Kingdom). The licence allows ISXUK to issue, distribute and redeem eMoney in the UK, and, subject to approval of its application, to hold a Bank of England (**BoE**) settlement account. The full range of services permissible under the **Payment Services Regulations 2017** (United Kingdom) has also been authorised, including account information and payment initiation services. ISXUK has letters of intent from Pay.UK for it to join the Faster Payment Service and bankers' automated clearing system (**BACS**) networks, for payment processing of pound sterling.

ISXFEU's and its subsidiaries hold payment services licences in both the EEA and UK for major card schemes, including Mastercard Inc., Diners Club, Discover, JCB, Faster Payment Service, BACS, Sofort and other alternative payment methods (**APM's**).

Part of ISXFEU's strategy is to integrate its products, services, intellectual property, and regulatory authorisations into third party platforms. These platforms may take the form of securities trading, securities exchanges, gaming, gambling, eCommerce, travel, retail, financial services, accounting, payroll, point of sale, and other opportunities ISXFEU identifies.

7.3.2 Business Model

ISXFEU operates within the EEA as a:

- Payment Services Provider (**PSP**), including as a licenced principal member of Mastercard, JCB, Diners Club/Discover, as a principal membership for credit card acquiring and future card issuance services.
- issuer of eMoney under *Electronic Money Directive 2009/110/EC*.
- issuer under its own BIC of ISEMCY22XXX of International Bank Account Number (**IBAN**) based accounts, in the name of legal or natural persons, accessible by all banks and institutions connected to the SEPA network.
- provider of remittance services, where connected to the issue or redemption of eMoney.
- provider of SEPA direct transfers (**DTs**) and credit transfers (**CTs**) from accounts, where connected to the issue or redemption of eMoney, including SEPA Instant.
- centrally banked institution and maintains bank accounts directly with the (Central) Bank of Lithuania.

Post Demerger, ISXFEU Group will financially report across four main divisions: Regulated eMoney & Payment Services, RegTech Solutions, Regulated Securities Exchange, and the nascent Intellectual Property division.

(i) Regulated eMoney & Payment Services

The Regulated eMoney & Payment Services Division's business model is to provide an end-to-end payments and transactional banking solution, incorporating ISXFEU's RegTech compliance solutions (Payidentity™) and FinTech platforms (Probanx®, ISXPay®). ISXFEU primarily targets business customers within the AML regulated business sector space, where it has a competitive advantage due to its RegTech products and intellectual property. Set forth below is a description of the products and services currently offered by this division.

Clients include William Hill PLC (LON: WMH) subsidiaries Mr Green and Evoke, and platform partners include Wix Ltd (NASDAQ: WIX), Playtech PLC (LON: PTEC) and Worldline's Devcode (EPA: WLN).

The business model for this division is based on a range of fees charged for each transaction processed. The type of authentication required (either customer identity or verification of a financial transaction) and the volume of transactions being processed will affect price to some extent but as a general guide, the pricing structure operates as follows:

- Transaction fees are charged for payment processing.
- ISXFEU charges a small fee per Strong Customer Authentication (**SCA**) transaction plus a cost for every SMS sent.
- MSFs (Merchant Services Fee) are based on the merchant category and the location of the card issuer.
- Transaction fees are fixed for bank transfers (SWIFT, SEPA, EFT, etc.) with various fee levels.
- flykk fees and charges are a combination of fixed and variable fees with variable fees being calculated as a percent of the total transaction value:
 - Consumer eMoney issuances have no charge.
 - Sending or receiving eMoney to flykk attracts no charge.
 - Sending or receiving eMoney externally attracts charges.
 - The redemption of eMoney by a business customer is based on a Merchant Services Fee.

Terms, conditions and fees specific to each product may vary from product to product, and may be pay per use, or include a monthly fee, and are subject to change. Detailed terms, conditions and fees are provided to all customers upon the customer sales, due diligence, onboarding, contracting, sign-up, or renewal stage. Consumer fees are published on the www.flykk.it website with standard business terms available from <https://www.isx.financial/documents>.

(ii) RegTech Solutions

The business model for the RegTech Solutions is modified on a case-by-case basis, to match requirements for product modules and features impacting costs for customers. In some cases, transactional fees are also charged for some banking services.

- Probanx CorePlus Licensing:
 - one time licence and installation fee.
 - monthly support, licence and update fees based on module requirements.
 - per “Seat” monthly fees based upon size of client; and
 - customization fees.
- Probanx Core Connect Licensing:
 - one time licence and installation fee.
 - monthly support, licence and update fees based on module requirements; and
 - transactional fees.

In addition to the core banking services and modules above, many customers consume services from the regulated services divisions of the business, with fees being charged as one off/setups, monthly maintenance, for bespoke modifications and on a per transaction basis.

Additional Services



Corporate Banking



Retail Banking



Private Banking



Payment Institutions



eMoney Institutions

The business model is based on a range of fees charged for each transaction processed. The type of authentication required (either customer identity or verification of a financial transaction) and the volume of transactions being processed will affect price to some extent but as a general guide, the following pricing structure operates:

- ISXPay® payment gateway processing fee is charged per transaction.
- Paydentity™ Evidence of Identity fee is charged per identity transaction.
- Paydentity politically exposed persons (**PEP**) and sanctions fees are charged per check, with results provided to business customers; and
- SEPA Instant-Instant Notifications (**SIIN**) fees are charged per transaction with notifications to business customers.

(iii) Regulated Securities Exchange

ISXFEU has a 19.99% strategic investment in the Australian Securities Exchange listed NSX Limited (ASX: NSX) (**NSXL**), the owner of the Tier 1 securities market, the National Stock Exchange of Australia Limited (**NSXA**). The NSXA is the second largest Tier 1 securities market after the ASX.

The ISXFEU Group and NSX formed a start-up, venture called ClearPay Pty Ltd. (www.clearpay.systems), in which NSX has a 41% interest and ISXFEU has a 59% interest.

ISXFEU's ownership in the NSX Limited has allowed it to appoint two directors to the board, being Mr Karantzis as Managing Director and Mr Hart as Chairman.

Through its executive and board involvement in the NSXL, the ISXFEU Group has benefited from having exposure to securities trading operations, allowing it to extend its Probanx® solutions.

Details of the NSXL's business model and activities can be accessed from <https://www2.asx.com.au/markets/company/nsx>.

(iv) Intellectual Property

At present, the intellectual property of the ISXFEU Group is used defensively to block other entrants into strategic areas of the market, to enhance the customer perceived value of its services of its Regulated Services Division.

ISXFEU also possesses an as yet unexploited capability to licence its know-how, including extensive software systems and intellectual property rights (in the form of patents granted across a number of jurisdictions) to prospective customers.

7.3.3 ISXFEU Group Strategy

(i) Overall

ISXFEU's strategy is to:

- offer its RegTech and FinTech services globally to other financial institutions; and
- to provide regulated payment, transactional banking, securities exchange, clearing and settlement, and eMoney services to businesses and merchants within the EEA, including the UK, with expansion plans into the United States and Canada and other regions where suitable commercial opportunities exist, subject to regulatory approvals and licences; and
- enter into partnerships with operators of ecosystems and platforms that deliver online and point of sale services, such that ISXFEU services are incorporated into the payment process.

ISXFEU has eMoney focussed sales teams located in the UK, the Netherlands, Lithuania, Malta, Israel, and Cyprus. ISXFEU's EEA authorisation permits ISXFEU to offer its regulated eMoney services in the following jurisdictions:

Jurisdictions Where ISXFEU May Offer Services							
Austria	(AT)	Estonia	(EE)	Hungary	(HU)	Slovakia	(SK)
Belgium	(BE)	France	(FR)	Latvia	(LV)	Finland	(FI)
Bulgaria	(BG)	Croatia	(HR)	Malta	(MT)	Sweden	(SE)
Czechia	(CZ)	Italy	(IT)	Netherlands	(NL)	United Kingdom	(UK)*
Denmark	(DK)	Cyprus	(CY)	Poland	(PL)	Iceland	(IS)
Germany	(DE)	Spain	(ES)	Portugal	(PT)	Liechtenstein	(LI)
Ireland	(IE)	Lithuania	(LT)	Romania	(RO)	Norway	(NO)
Greece	(EL)	Luxembourg	(LU)	Slovenia	(SI)	Gibraltar	(GIB)

ISXFEU intends to pursue further monetary financial services licences to operate as an authorised electronic money and payment institution in jurisdictions outside the EEA and the UK.

ISXFEU, through its Probanx® subsidiaries, intends to continue to develop financial and regulatory technology software for securities & commodities exchanges, banks, credit unions, electronic money institutions, payment institutions and financial services companies. The software may be licenced, or provided as a service, for upfront and monthly fees, and integrated directly with customer systems, or via platform partners. The software includes solutions for customers onboarding, identity verification, core banking, interbank networking, card scheme processing, securities delivery versus payment, payment netting and electronic wallet solutions.

ISXFEU’s strategy includes the continuation of research and development of innovative technological solutions (registering patents where possible) for the delivery of transactional banking and identity services. This includes systems for identity verification, transaction monitoring, core banking, payment processing, card acquiring, card issuing and eMoney.

ISXFEU’s four operating divisions complement and reinforce each other, with their intellectual property providing a basis for development of core RegTech and FinTech platforms. These, in turn, are used to underpin ISXFEU’s regulated services divisions in payments and securities. Broadly, regulated services are delivered under the “ISX.Money” domain, “ISX Financial” and “ISXPay” trademarks. The FinTech services are delivered under the “Probanx” trademark, RegTech under “Paydentity” trademark and consumer services under the “flykk” trademark.

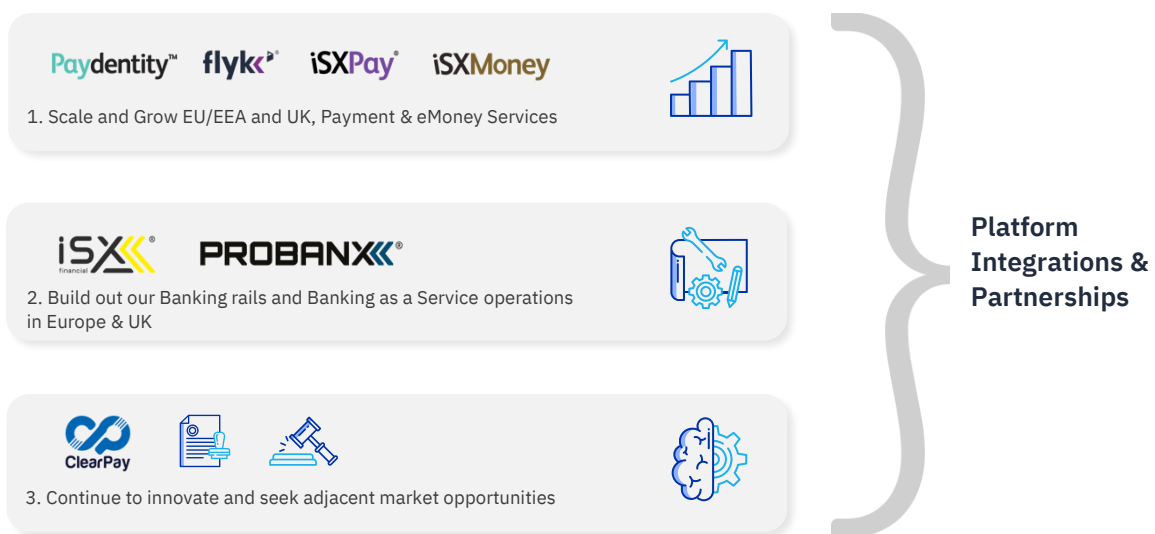
Each business division will be treated as a separate profit and loss centre, with the ability to generate revenues either through licensing, or the provision of technical services, or regulated services, to business and retail customers.

Presently, ISXFEU is focused on the UK and the EEA, with plans to expand geographically into Canada, the United States and Asia Pacific. ISXFEU is also looking to expand into other AML regulated sectors where ISXFEU has a competitive advantage with its RegTech and FinTech capabilities. The EU represents approximately one-third of the global payments market and is still in an expansionary phase for the group.

ISXFEU is focused on continuing to scale and grow in Europe, with short-term objectives being to expand into other jurisdictions including Canada, United States and Asia Pacific over the next two to three years. Over the longer term, management expects to continue its geographic expansion into other regions where suitable commercial opportunities exist.

ISXFEU’s strategy is to integrate its products, services, intellectual property, and regulatory authorisations into third party platforms and ecosystems, such as the Playtech “cashier”, the WIX “checkout” and the Worldline Devcode “cashier”, amongst others.

These platforms may also take the form of systems that provide consumers with securities trading, securities exchanges, gaming, gambling, eCommerce, travel, retail, financial services, accounting, payroll, point of sale services and other opportunities ISXFEU identifies.



ISXFEU will further enhance its product offering by launching cross border remittance capabilities in 2021. These capabilities, allow money to be remitted to other jurisdictions, outside the EEA and UK. There is a project underway scheduled to conclude by early 2022, that will also allow ISXFEU to issue debit cards that can be linked to a retail customer’s IBAN, allowing cash withdrawals at ATM’s and payments at "Chip and PIN" point of sale terminals.

ISXFEU will be contributing know how, and its subsidiary, Probanx, has designed and is developing the Delivery versus Payment (**DvP**) platform for ClearPay Pty Ltd. This will include the integration of the ISXPay and Paydentity™ platforms into the NSXA and ClearPay. By bringing together the capabilities of NSX and ISXFEU, ISXFEU plans to provide the technology to enable the NSXA to transform into an emerging company venture exchange that is an open, transparent, modern, and high-tech alternative to the ASX.

ISXFEU also aims to target Forex, Skilled Games, Wagering and Merchants from Other AML Regulated Sector Industries as businesses in these sectors are regulated with complex requirements that evolve with new regulatory conditions being imposed frequently, together with the challenging environment in which they operate. Marketing to these sectors is accomplished through attendance at specific trade shows, advertising in industry sector magazines, and setting up appointments with potential clients.

7.4 ISXFEU's Customers and Merchant and Commercial Partners

7.4.1 ISXFEU's Business and Merchant Customers

ISXFEU Group has no singularly material business customer or merchant. None of its approximately 215 active business customers and merchant partners are individually material to its revenue.

Section 7.3.2 provides an outline of the commercial model entered into with customers, with each agreement generally based upon a 1- or 2-year agreement. Agreements are evergreen subject to a 1 or 3 month mutual termination clause.

7.4.2 ISXFEU's commercial partners

ISXFEU Group's material commercial partners include;

- **Amazon Web Services (AWS)**, upon whose services it relies for cloud-based infrastructure. The agreement is evergreen and based upon a discount to AWS published rate card. Alternatives to AWS include Microsoft's Azure and Google Cloud. ISXFEU Group could port to an alternative cloud-based infrastructure provider.
- **Card Schemes**, including Mastercard Inc, JCB International, and Diners Discover International. Pursuant to the Demerger, ISXFEU will be the holding company for the European businesses and regulated securities division business currently held by ISX. ISX will retain ISX Financial Pty Ltd, which is a principal member of Mastercard International. Principal card members are able to offer the full range of products and services extend by Mastercard Inc, subject to any domestic authorisation requirements and internal capability to deliver those services, including technology, sales, marketing, customer support, back-office functions, operations and management. The agreements are evergreen, subject to meeting the respective scheme access requirements as a financial institution, with rates and fees as published by the schemes to eligible financial institutions. The card schemes are each unique, and offer reach to retail customers, some of whom may or may not have cards from other schemes to use as alternative method of payment.
- **The (Central) Bank of Lithuania (BoL)**, upon whose Centrolink platform ISXFEU relies upon for connectivity to the SEPA network. The agreement is evergreen, subject to meeting its access requirements as a financial institution, with rates and fees as published by the BoL to eligible financial institutions. There are several alternatives to the BoL available to ISXFEU for access to SEPA services.
- **Sofort GmbH**, upon whose "Sofort" push payment service it relies. The contract has an indefinite term, subject to termination with three months notice by either Sofort or ISXFEU, provided that ISXFEU continues to meet its obligations under the agreement, including regulatory authorisations. Rates and fees are as agreed with Sofort and are consistent with those charged to eligible financial institutions. Alternatives to Sofort include open banking services, which ISXFEU is developing inhouse. Third party open banking technology providers are becoming more prevalent as this business model continues to gain traction.
- **Firstdata Omnipay Ltd**, with whose ISO Bridge ISXPay[®] access Mastercard card acquiring services in the EEA. The agreement is for an initial term of 5 years and shall automatically renew for successive periods of 2 years and is based on a fee per transaction. There are several alternatives to First Data, including that ISXFEU Group extends its own inhouse ISO Bridges used for Diners, Discover, JCB and ChinaUnionPay to connect to Mastercard.

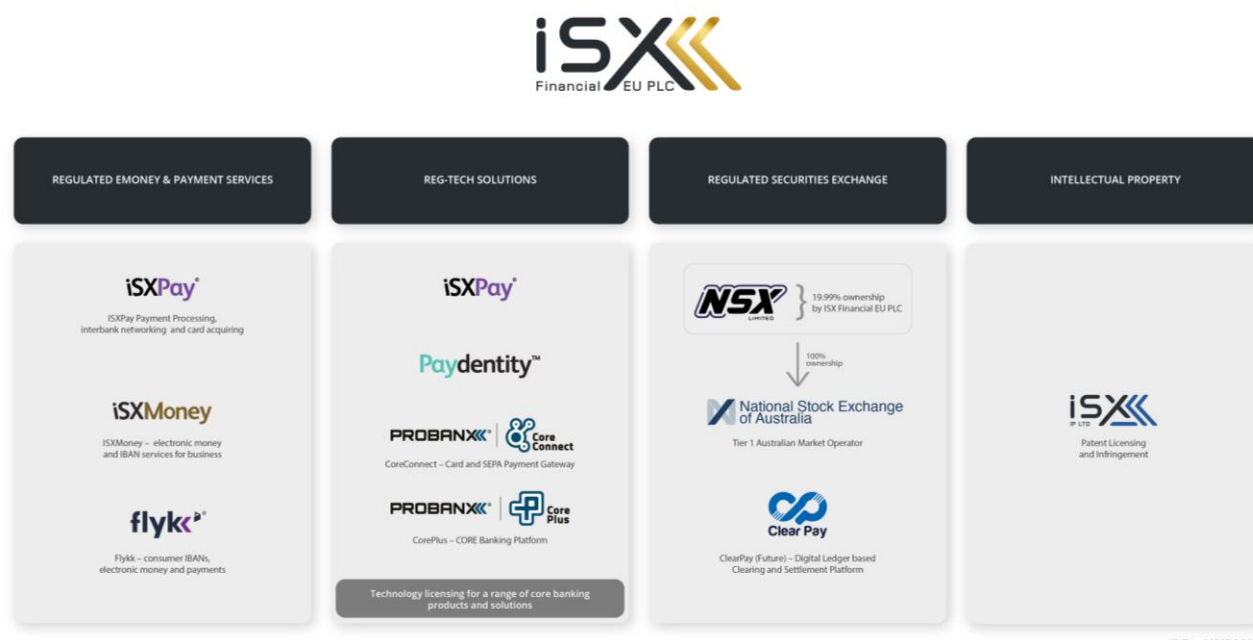
7.5 ISXFEU's Products and Distribution

7.5.1 Product Overview

ISXFEU operates across four main divisions, with various product/services brands within each of those divisions.

- **Regulated eMoney & Payment Services:** Identity, Payments, eMoney and Banking, with services provided by ISXFEU and ISXUK.
- **RegTech Solutions:** Paydentity™ platform, plus the Probanx CorePlus platform, and CoreConnect SaaS which constitute the Core banking and core networking platforms and other banking services. ISXPAY® card processing
- **Regulated Securities Exchange:** 19.99% holding in the publicly quoted NSXL which owns and operates the NSXA, Australia's second largest Tier 1 licenced securities market. NSXL has 41% holdings in digital ledger technology Delivery versus Payment (DvP) company, ClearPay Pty Ltd, with 59% owned by ISXFEU.
- **Intellectual Property:** ISXFEU, through its subsidiaries, holds a number of granted and pending patents applicable to AML, payment verification and payments, across multiple jurisdictions, including European Patent Area, the United States, Canada, Australia, New Zealand, Singapore, China, India, and Brazil.





The interaction between ISXFEU's divisions allows for focussed, operationally relevant research and development. This in turn leads to the rapid development of products and services that can then be used for revenue development. The business of ISXFEU's four main divisions is non-cyclical and non-seasonal.



ISXFEU offers its Regulated, RegTech and FinTech products and services as cloud-based solutions for online merchants, AML regulated sector businesses, PSPs, financial institutions, and credit institutions or banks. ISXFEU's products and services are not restricted by global borders and can operate across most jurisdictions, except those restricted by sanctions. ISXFEU Group's focus to date has been on the EU due to the size of its electronic commerce (eCommerce) market and regulatory drivers. ISXFEU has also explored expanding into the US and Canadian markets due to the demographic similarity with its end customers. ISXFEU expects to expand across additional regions progressively in the coming years.

The product suite is highly scalable, cloud based, with low capital requirements, incorporating highly sophisticated KYC and risk management systems.

ISXFEU's RegTech services also assist customers meet many of their AML and **CTF** regulatory obligations in the EU, EEA, UK, and in due course in the United States, Canada, and other jurisdictions through a convenient single Application Programming Interface (**API**) integration that allows access to all these jurisdictions.

	As a Regulated Financial Service	As a Technical Service
	Payment Gateway (Cards)	—
Payment Processing (Cards) 	iSXPay®	—
Bank Networking 	iSXMoney	Probanx® Core Connect
CORE Banking	iSXMoney	Probanx® Core Plus
Identity Verification	Paydentity™	Paydentity™
Clearing & Settlement (Future)		—
Consumer Electronic Money	flykk®	—

ISX Financial EU PLC © 2021

(i) Regulated eMoney & Payment Services

(a) ISXPay



ISXPay Payment Processing, interbank networking & card acquiring

ISXPay is an **EEA** authorised **PSP** and eMoney Institution.

As an EEA authorised PSP, it is a principal member of Mastercard Inc., Diners Club, Discover, and JCB, and provides merchants with access to payments via alternative methods such as **SEPA**, Poli Payments, Sofort, PRZ24 and others. As a FinTech platform, ISXPay has been developed to operate as SaaS for third party eMoney Institutions and PSPs. ISXPay®'s functionality is connected to ISXFEU's Paydentity™ and Probanx FinTech platforms and to a number of principal card acquirers. This enables 'self-servicing' its own EEA acquiring operations.

The ISXPay platform provides merchants, including flykk® with a secure payment page which is integrated to the merchant's checkout, cashier, or cart system, and allows the consumer to enter their card payment details securely. This data is then processed by ISXPay back to the card schemes, an authorisation or decline received. Monies are then settled to ISXPay by the card schemes, which ISXPay then settles to merchants after deducting its fees.



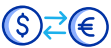
ISXPay is integrated with Paydentity™, as onboarding speed and reach are critical to our customers. Paydentity™ provides the means for existing customers to be rapidly “passported” to ISXFEU’s other financial services, based upon their initial KYC. Paydentity™ combines a number of approaches, including ISX’s patented payment instrument verification, and third-party systems such as BankID and Australian Government’s Document Verification Service, together with credit reference data from Equifax, government sourced data such as electoral rolls and Lexis Nexis watchlists. Paydentity™’s identity verification platform that can reach, identify, verify and take payment from 4.2 billion people at the same time. This is equal to roughly 69% of the world’s population. Based on anecdotal evidence from merchants, it is estimated that a poor onboarding process can deter more than 80% of prospective customers when regulatory requirements such as AML/CTF and KYC are required as an extra step in the sign-up process. As such, where other institutions may require onboarding in person, or have limited electronic reach, Paydentity™ provides ISXPay with the world’s most advanced integrated payments and identity platform to onboard customers remotely. See “RegTech Solutions Division – Paydentity™ Platform”.



Speed to checkout and payment choice are also critical. ISXPay approach via Payment Card Industry certified data security compliance with data collection via integrated iFrame is on par with the leading global PSPs such as Stripe, Adyen and Worldline. ISXPay has reached terms with the majority of the major card schemes in the UK and EU including Mastercard Inc., Diners Club, Discover, and JCB as well as a number of APM’s.



Speed to payout is emerging as one of the most important features for customers of our financial services merchants such as a FX broker or ‘contract for difference’ CFD provider. The ability to move funds quickly and to a variety of destinations is a critical selling point for merchants. Merchants are able to market ISXFEU’s superior speed to payout when attracting new customers. ISXPay is integrated with ISXFEU’s Probanx CORE banking platform, allowing business and retail customers to make payments to each other via internal account transfer. flykk® also incorporates a number of international remittance channels for payment back to a customer’s bank account located in Hong Kong, India, Canada, Norway, Denmark, Sweden, New Zealand, UK, Brazil, Argentina and Australia.



Multi-currency choice. ISXPay can offer up to 16 currencies to its business customers and merchants. This means merchants can accept, and ISXPay will settle, in many of the world’s most popular currencies.



Account Choice and Flexibility. International Bank Account Number (**IBAN**) accounts in the EU, future, and Sort Code/AC based accounts in the UK, provide flexible currency choices and interconnectivity to the open banking system. The UK accounts are subject to the Bank of England finalising approval and providing access to a settlement account, which is currently scheduled for mid 2022.



Multi Region Capabilities. ISXFEU’s customers primarily operate, and natural person clients primarily reside in, the UK, the EEA, Canada, and Australia. ISXFEU is positioning itself to offer solutions via a single relationship and technical integration to merchants, such that they do not need to integrate on a per jurisdiction basis.

(b) ISXMoney



ISXMoney – electronic money & IBAN services for business

eMoney is a monetary value represented by a claim on the issuer, which is:

- Electronic and includes magnetically stored value (e.g., chargeable internet-based account and magnetic cards).
- Issued on receipt of funds for the purpose of making payment transactions (conversion of bank money into eMoney).
- Accepted by a natural or legal person other than the eMoney issuer.

eMoney is regulated and backed by one to one by fiat currency, which distinguishes it from cryptocurrency.

ISXMoney provides ISXFEU's business clients with access to eMoney services for segregation of their client funds, together with day-to-day operating eMoney accounts in order to run their businesses. This is coupled with the existing payout and pay-in options to managing their money flow, along with having the surety that their EURO (€) funds are safely held at zero credit risk with the Eurosystem's Central Bank of Lithuania. By way of contrast, Paypal uses commercial banking relationships and holds its client's funds with global systemically important banks as opposed to central banks.

ISXFEU recognises an opportunity to provide payment and eMoney services for these customers (be they natural or legal persons) in the UK during the term of the present ISXFEU EEA Regulated Monetary Financial Institution transitional licence, and beyond with ISXUK's FCA firm reference number 901034 as an authorised electronic money institution, payment initiation services provider (PISP) and Payment Service Provider for payment service categories 1 to 6.

ISXFEU intends in due course to complement the existing EEA based eMoney solution with a similar service in Canada, and the United States, such that consumers may make payments or accept payouts from merchants within ISXFEU's network. ISXFEU operates CORE banking platforms within each of its PSPs and eMoney subsidiaries and plans to establish secure facilities beyond the EEA and UK, in the United States and Canada as it expands.

In the future, currency may be exchanged or remitted by customers from within the eMoney or stored value facility between the EEA, UK and other jurisdictions. The inflows to the eMoney operations are also limited via initial transaction value, weekly and monthly value ceilings set by ISX risk algorithms. These limits do vary for different customer and merchant types but are all contracted and subject to annual review. Each transaction is fully monitored by our Fraud and Anti-money Laundering (**FRAML**) engine and dashboard, and in the case of the person purchasing eMoney, they are identified via Payidentity™.

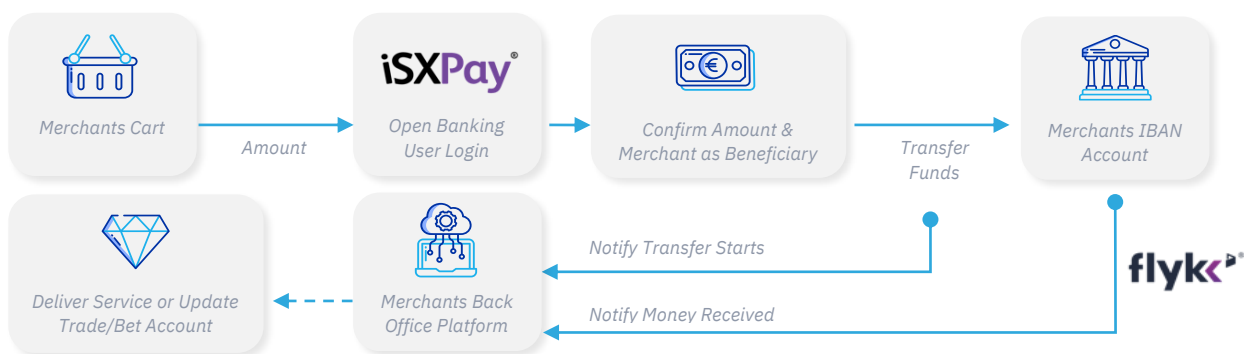
The Payidentity™ system can confirm, via an audit trail, necessary details to satisfy AML obligations, as well as to meet the requirements of financial intelligence units such as AUSTRAC, FCA, OFAC, FINCEN, NCA and MOKAS.

A local licence will be required for eMoney (sometimes also known as **stored value**) and transactional banking operations for each of the GBPE, EURO€, CAD\$ and \$USD, if and when granted in Canada, and US and regulatory requirements of the respective jurisdictions.

Open Banking

The open banking authorisation to act as a Payment Initiation Services Provider allows ISXFEU's customers the benefit of "push" payments originating from any of their accounts held with any EEA based bank to be "pushed" to other bank accounts directly, including accounts issued by ISXUK. Where payments are directed to ISXUK issued business accounts, ISXUK's **SIIN** provides a real time update of cleared and settled payments to business users via the Probanx platform. This is a function that is unique to ISXUK. The combination of push payments and SIIN provides ISXUK business customers with a real time, chargeback free and faster settlement alternative than rivals' card scheme acquiring services.

Open Banking / SIIN



(c) flykk® Consumer Accounts



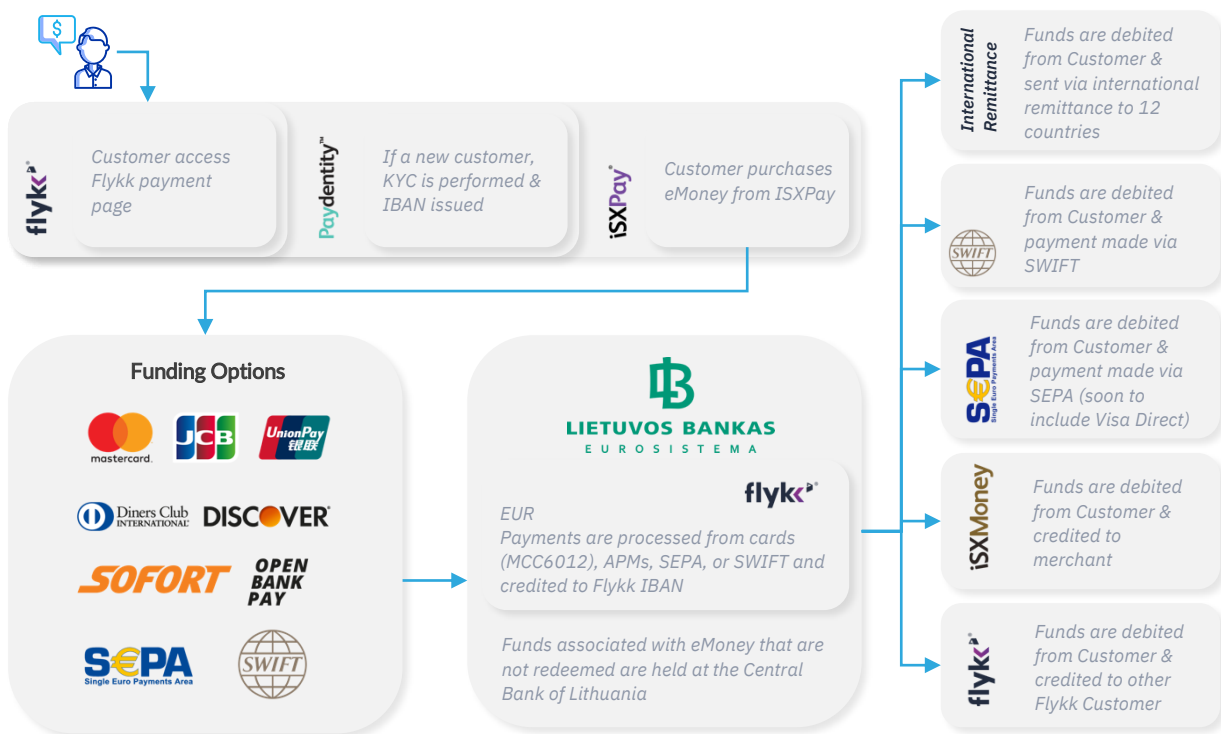
Flykk – consumer IBANs, electronic money & payments

ISXFEU has combined the core pillars of its RegTech solutions to form a new product known as flykk®. The three pillars are identity verification, payment processing, and IBAN account services. These pillars work with ISXFEU’s eMoney services, IP technology, and payment services to provide end-users with an instant eMoney solution that allows them to instantly fund their accounts at participating merchants in a fast and secure way. flykk also allows end-users to enjoy fast pay-outs throughout the entire Eurozone by way of mobile apps, that allow our customers to transfer up to €100,000 (approx. AUD\$160,000) instantly to any of the 4500 or so SEPA member institutions.

flykk not only supports real-time eMoney issuance but also instant SEPA payments, flykk to flykk transfers as well as payments to merchants on the flykk network in a number of fiat currencies.

Consumers are also able to use flykk as an eMoney service, with funds held in dedicated IBAN accounts that are issued to individual customers. Currencies include EURO€, NOK, DKK, GBP£, CAD\$, JPY and CZK.

Target flykk® Ecosystem



flykk offer a competitive advantage because it alerts merchants in real time via API of receipt of fund into their flykk IBAN. This eliminates the need for a manual or semi-automatic approach to reconciliation of the bank account. This means that merchants can update customer account balances on their trading, betting, eCommerce, and FX platforms in real time with confidence that the funds have cleared and are in their merchant IBAN account. Compared to traditional card processing and acceptance, settlement times are reduced from days to seconds, and the risk of chargebacks is almost entirely eliminated.

flykk is most effective when coupled with open banking. Open banking is a banking practice that provides third-party financial service providers open access to consumer banking data from banks and non-bank institutions through the use of APIs. Open banking provides a notification to the merchant that a payment has been initiated and operates in a way that allows payments to be initiated, processed, settled, and cleared in the merchant’s IBAN within 15 seconds.

(ii) RegTech Solutions

(a) Probanx CorePlus – CORE Banking Platform



CorePlus – CORE Banking Platform

Probanx is an international group of companies which have been serving the banking industry since 2000 by developing comprehensive banking software solutions to financial institutions around the world. Probanx offers web-based banking solutions using the latest technology and international standard business rules. Probanx's customers are located on five continents and supported from ISXFEU's technical centres in the US, Europe, and Australia.

Core banking can be defined as a back-end system that processes banking transactions across the various branches of a bank. The system essentially includes deposit, loan, and credit processing. Among the integral core banking services are floating new accounts, servicing loans, calculating interest, processing deposits and withdrawals, and customer relationship management activities.

Probanx delivers core banking software, including a fully comprehensive and versatile banking solution for retail, corporate and private banks, eMoney and payment institutions, offering capabilities that until now were affordable only by large commercial banks. Probanx can be offered as a standalone licence to prospective banking customers, with optional SEPA SaaS connectivity, and with Paydentity and ISXPay as 'bolt on' SaaS.

The CorePlus platform is an entirely cloud-based or on premises and highly scalable, banking system developed and maintained with the latest technology and is implemented with international standard business rules and banking practices.

With a comprehensive range of specialized, feature-rich application modules, it can support and become customizable, for a wide array of banking business functions for financial institutions. It gives users the ability to add extra stand-alone modules to their already existing banking solution.

The CorePlus core banking solution includes modules for:

- opening new accounts.
- processing cash deposits and withdrawals, including at Automated Teller Machines (ATM's).
- processing payments and cheques.
- calculating interest.
- calculating fees associated with account management or transactional banking.
- customer relationship management ("**CRM**") activities, including KYC data store, update and retrieval.
- managing customer accounts.
- establishing criteria for minimum balances, interest rates, number of withdrawals allowed.
- establishing interest rates.
- maintaining records for all the bank's transactions.
- internal, SWIFT and SEPA transfers.
- AML compliance integrated to Lexis Nexis and Dow Jones, with integration to the Paydentity platform for Customer Due Diligence and KYC; and
- Payment Services Directive open banking API interfaces.

The Core banking software solution industry can be segmented by "type" into two subcategories, being Cloud Based (such as Probanx) and On-Premises and by "application" into three main subcategories, being retail banks, private banks and corporate banks.

On-Premises systems have typically been the domain of large global banking establishments, where legacy systems are still maintained as part of a long-established core banking build-out that may have largely occurred before the advent of or accessibility to mass cloud-based services. In some cases, the ability to migrate away from the On-Premises systems may not be easy, or even desired.

(b) Probanx CoreConnect Core Networking Platform



CoreConnect – Card & SEPA Payment Gateway

UAB Probanx Solutions, a wholly owned subsidiary of ISXFEU, provides API based access to SEPA Core, SEPA Instant, SEPA Direct Debit, and SEPA business scheme, for neobanks, banks, credit unions and eMoney Institutions. It also provides a bridge to the Central Bank of Lithuania’s CENTROLink service, as a **SaaS**.

The Probanx SEPA API Solution is a cloud-based SaaS that accepts payments easily from 34 SEPA countries. Also, the SEPA API solution can be integrated with a customer’s payment, accounting, and ERP systems. The solution exports all data to several different formats and provides instant updates when a payment is received. The main functions of modular SEPA API include conversion of sort codes and account numbers, checking of Bank Identifier Codes (BIC), performing IBAN validation, and validating payments reference data for SEPA compliance.

(iii) Regulated Securities Exchange

(a) NSX Limited – owner and operator of the National Stock Exchange of Australia



ISXFEU has a 19.99% strategic investment in the ASX listed NSXL, the owner of the Tier 1 securities market, the NSXA. The NSXA is the second largest Tier 1 securities market after the ASX.

The ISXFEU Group and NSX formed a start-up. venture called ClearPay Pty Ltd. (www.clearpay.systems), in which NSX has a 41% interest and the ISXFEU Group has 59% interest, held between ISX Holdings Ltd (UK) and ISXFEU.

ISXFEU will be contributing know how, and its subsidiary, Probanx, will design and develop the Delivery versus Payment (**DvP**) platform for the 41% NSXL owned ClearPay Pty Ltd for a fee of AUD\$4.5 million. This will include the integration of the ISXPAY and Paydentity platforms into the NSXA. By bringing together the capabilities of NSXA and ISXFEU, ISXFEU plans to provide the technology to enable the transformation of the NSXA into an emerging venture exchange that is an open, transparent, modern, and high-tech alternative to the ASX.

(b) NSXA – National Stock Exchange of Australia, Tier 1 Securities Market Licence

NSXA is the holder and operator of the cash equity and debt Australian Market Licence called the “NSX”, permitting the listing and trading of equity and debt products. The NSX is subject to extensive regulation in Australia. **The Corporations Act** establishes a system of cooperative regulation of securities markets, market participants and listed companies.

Licensed Australian Market Operators (“**LMOs**”) such as NSXA, conduct the day-to-day administration and regulation of Australia’s securities markets under the close supervision of, and subject to extensive regulation, oversight, and enforcement by, the ASIC.

LMOs are licenced by the Australian Federal Government. Before the registration is permitted of an exchange as an LMO, the Federal Minister must determine, among other things, that the exchange has a set of rules that is consistent with the requirements of the Corporations Act, and that the financial, technology and human resources are sufficient to operate a market.

The requirements of the Corporations Act along with the rules of each LMO impose on the LMOs many regulatory and operational responsibilities, including the day-to-day responsibilities for market trading, issuer admission and disclosure, and elements of market participant oversight. The LMOs work together with ASIC for the purposes of market supervision.

Each LMO has separate rules and guidance pertaining to its market participants and listed companies. Market participants that choose to become members of an exchange are subject to its rules and regulations. LMOs are subject to ASIC oversight, as prescribed by the Corporations Act, including periodic and special assessments by ASIC.

In addition to its other LMO responsibilities, as a listing market, NSXA is also responsible for overseeing each listed company's compliance with the listing rules of the exchange. The NSXA's admissions department evaluates applications submitted by issuers interested in listing their securities on the NSXA to determine whether the quantitative and qualitative listing standards have been satisfied. Once securities are listed, the market surveillance department monitors each issuer's on-going compliance with listing rules and Corporations Act requirements.

(c) ClearPay



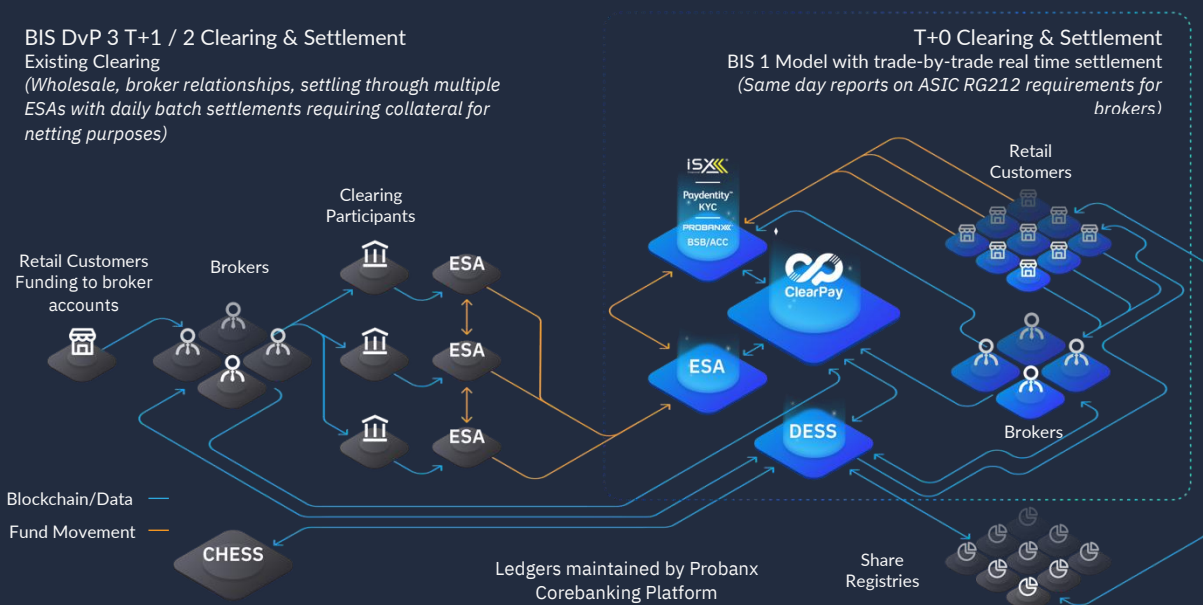
ClearPay (Future) – Digital Ledger based Clearing and Settlement Platform

Subject to regulatory authorisations, ClearPay will compete directly with the ASX-owned clearing house, Austraclear, and will enable the NSXA to compete with the ASX, using ISXFEU's advanced blockchain based DvP platform.

ClearPay and Probanx have entered into an agreement pursuant to which Probanx has agreed to provide software development services relating to ISXFEU's digital ledger technology based DvP platform in exchange for payments totalling AUD\$4.5M to Probanx Solutions. Through the use of ISXFEU's digital ledger technology, and subject to regulatory approvals, the NSXA and ClearPay will offer digital asset trading in real time, with multi-currency facilities. Furthermore, the NSXA will in future be able to support offer fractional trading and real time settlement of transactions. The NSXL has announced that ClearPay intends to apply for a Clearing and Settlement Facility licence during 2021, in order to support its proposed activities.

Probanx has been developing the technology and know-how to deliver ClearPay as a payment system, together with integration to the NSXA trading platform, since early 2018. ISXFEU's expertise with digital ledger technology-based trading platforms and exchanges means the joint venture is working to deliver an open blockchain based DvP that will be accessible by market participants and share registries.

The indicative schematic of the proposed service is below;



In addition, integration of ISXFEU's Paydentity will allow the NSXA to become Australia's first "lit" pool market, where the order book is public for all subscribers. A "lit" market enables traders to see the amount of liquidity that is posted on the bid and offer of the order book for a security. This helps to eliminate the dark pools of private exchanges where there exists a lack of transparency to the general investing public.

ISXFEU intends to make licence submissions to the RBA, APRA and ASIC through ClearPay Pty Ltd regarding its intentions to launch a custodial and depositary service, which, in conjunction with the NSXA, will provide competition to Australia’s securities exchange market and the clearing and settlement monopoly.

ClearPay proposes to leverage the already planned ISXPAY rollout to offer services to the NSXA, in addition to other exchanges, both domestically and internationally.

The introduction of NSX as an additional, viable securities exchange will help bolster Australia’s modern, open and transparent investment landscape. The NSXA will offer businesses the opportunity to access an additional market where they may source competitive capital investment.

(iv) Intellectual Property

(a) Paydentity: Patented Invention Rapidly Verifies Identity Remotely

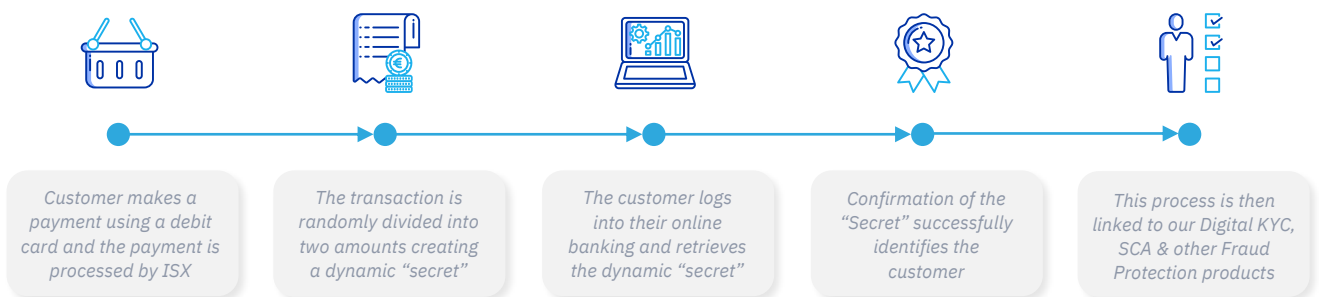
Paydentity™

Paydentity was developed to solve the problem of card not present fraud by challenging the holder of a card to retrieve secrets transmitted to their statement of account, thus demonstrating access to, and implicitly, control of the account. The concept then expanded into a means of proving identity remotely, in order to satisfy customer due diligence (CDD) as part of AML regulations.

How Paydentity identifies a person remotely

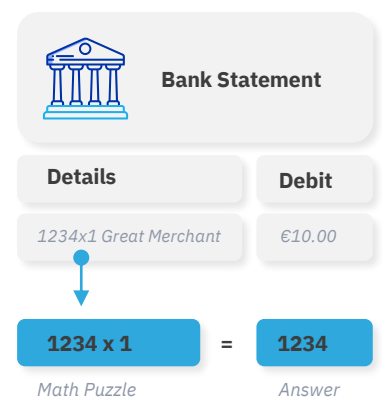
ISXFEU’s original invention, which is patented across a range of global jurisdictions (see “*Patents*” below), provides a method to request the user of the payment device (e.g.: credit or debit card) to provide a “secret” that only the owner of the bank account would be able to provide, by accessing the bank account transaction record or statement within a limited time frame (typically a few minutes).

A “secret” is created by splitting the original total amount of the transaction (an end user consumer wants to place \$100 into an online gaming account) into an arbitrary amount (for example \$64.12) and a balancing amount (\$35.88). These “splits”, being random, can only be recovered by accessing the bank account transaction list or statement attached to that bank account dynamically (the consumer accesses their internet banking or banking app on their smartphone), using credentials provided to the user by the issuing bank (their online banking PIN or password).



Example of Paydentity payment splitting process

Once recovered, the consumer has a limited amount of time (typically a few minutes) to input the secret into the payment portal as part of the payment process. By providing the secret successfully, the consumer has confirmed to a satisfactory level (to assist with satisfying requirements for legal safe harbour), that they are in fact the owner of the payment instrument and ISXFEU and ISXUK’s customers can rely on the information transferred between the banks for the purposes of making a transaction to build a digital KYC identity file. In addition to the secret, a range of other identity verification methods and checks are undertaken, such as confirming IP address, geolocation of regulated devices and other documents or files uploaded (if required or requested) to cross reference the identity file and further strengthen the identity profile. In addition, PEP and sanction screening processes are also undertaken using global databases.



Additional patents held by ISXFEU allow it to insert a cognitive challenge into the descriptor of the charge on the credit or debit card statement, which can be used in place of, or in conjunction with, the “charge splitting method” explained above. For example, the descriptor may include $1234 \times 1 = 1234$ and the consumer must solve that problem in order to be verified. This demonstrates access to the particular account where the challenge is accessed, as well as ‘acceptance’ of the transaction by answering the question.

Paydentity™: Key Points and Advantages:

- authenticates online payments and associated financial or payment instruments, independent of 3DSecure. Where 3DSecure is available, it may be incorporated into the process.
- allows ISXFEU to retain the card details “on file” and ISXFEU merchants (including ISXFEU itself as a merchant when issuing eMoney), may initiate transactions without the requirement or associated friction of SCA for subsequent transactions.
- the process is post cart checkout and transaction, with no sales abandonment or friction impact at cart stage.
- no interruption to the normal payment processing and settlement process.
- payment instrument coverage by the patented solution is global, and for major card schemes, including (subject to connectivity to each scheme) Visa, Mastercard, American Express, JCB, Discover and Diners Club.
- the service is independent of the card issuer and scheme.
- uses scalable, cloud based, patented technology.
- compliance safety net for PSPs to cover all scheme cards acquired, without carve outs, or waiting for issuers to comply.
- home banking enrolment interface for issuers card enrolment; and
- mobile and tablet friendly responsive design.

(b) Trademarks, Patents and Other Intellectual Property



Patent Licensing & Infringement

ISXFEU Group’s granted and pending patent applications are held by ISX IP Ltd.), a wholly owned subsidiary of ISXFEU. ISX IP Ltd licences use of the patents to ISXFEU’s various other subsidiaries. ISX IP Ltd holds patents in a number of jurisdictions including Europe, Canada, United State, China, Australia, Hong Kong, Singapore, India and Brazil.

To protect its proprietary technology and its brand, ISXFEU Group relies on a combination of confidential procedures, contractual provisions, intellectual property laws, and trademark laws in the jurisdictions in which ISXFEU currently operates and into which ISXFEU intends to expand.

ISXFEU Group has registered and applied for the registration of patents, trademarks, copyrights, service marks, domain names, and licences that vary in duration and are registered across multiple jurisdictions. ISXFEU has also applied for patents that have not yet been granted and has confidentiality agreements, assignment agreements and licence agreements with employees and third parties, which helps limit access to, and use of, ISXFEU’s intellectual property.

Furthermore, ISXFEU Group’s source code, product books, and website content are protected by copyright. Intellectual property is a component of ISXFEU’s ability to be a leading payment services provider and any significant impairment of, or third-party claim against, its intellectual property rights could harm ISXFEU’s business or its ability to compete, see also **“Risk Factors - ISXFEU may be unable to adequately protect or enforce its intellectual property rights against third parties”** and **“Risk Factors - Alleged infringement of third-party intellectual property rights.”** at Section 12.2.12 and at Section 12.2.13.

(c) Patents

The granted and pending patent applications detailed in the table below are currently held in the name of ISX IP Ltd.

Title	Patent Office	Official no.	Priority date	Applicant / owner	Status
Methods and systems for verifying transactions	Australia	2011235612	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Europe	11761840.5	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Austria	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Belgium	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Bulgaria	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Switzerland	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Cyprus	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Czech Republic	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Germany	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Denmark	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Estonia	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Spain	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Finland	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	France	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	United Kingdom	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Greece	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Hong Kong	19205448.4	2-Apr-10	ISX IP Ltd	Pending
Methods and systems for verifying transactions	Hungary	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Ireland	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Iceland	2553642	2-Apr-10	ISX IP Ltd	Registered

Title	Patent Office	Official no.	Priority date	Applicant / owner	Status
Methods and systems for verifying transactions	Italy	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Lithuania	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Luxembourg	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Latvia	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Malta	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	The Netherlands	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Norway	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Poland	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Portugal	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Romania	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Sweden	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Turkey	2553642	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Europe	19205448.4	2-Apr-10	ISX IP Ltd	Pending
Methods and systems for verifying transactions	Canada	2,791,752	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	India	2363/KOLNP/2012	2-Apr-10	ISX IP Ltd	Pending
Methods and systems for verifying transactions	India	202038018249	2-Apr-10	ISX IP Ltd	Pending
Methods and systems for verifying transactions	New Zealand	601718	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	USA	8,620,810	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	South Africa	2012/06455	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Brazil	112012024646-1	2-Apr-10	ISX IP Ltd	Pending
Methods and systems for verifying transactions	China	201180014816.4	2-Apr-10	ISX IP Ltd	Registered

Title	Patent Office	Official no.	Priority date	Applicant / owner	Status
Methods and systems for verifying transactions	Malaysia	PI 2012004099	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Sweden	539328	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Portugal	2011120098	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Singapore	183509	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	Hong Kong	13109165.5	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	South Africa	2014/00709	2-Apr-10	ISX IP Ltd	Registered
Methods and systems for verifying transactions	South Korea	10-2016-7014689	2-Apr-10	ISX IP Ltd	Registered
Securing a transaction	USA	61/720,277	30-Oct-12	ISX	Withdrawn
Securing a transaction	Australia	2014905270	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	PCT	PCT/AU2015/050827	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	Australia	2015372437	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	Canada	2,972,104	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	South Africa	2017/04468	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	New Zealand	733118	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	USA	15/538958	24-Dec-14	ISX IP Ltd	Pending
Securing a transaction	Hong Kong	18102301.0	24-Dec-14	ISX IP Ltd	Pending
Identifying an entity	Australia	2016904748	21-Nov-16	ISX IP Ltd	Completed
Identifying an entity	PCT	PCT/AU2017/051269	21-Nov-16	ISX IP Ltd	Completed
Identifying an entity	Australia	2017361132	21-Nov-16	ISX IP Ltd	Pending
Identifying an entity	Canada	3,044,437	21-Nov-16	ISX IP Ltd	Pending
Identifying an entity	Europe	17871073.7	21-Nov-16	ISX IP Ltd	Pending
Identifying an entity	New Zealand	753288	21-Nov-16	ISX IP Ltd	Pending
Identifying an entity	South Africa	2019/03148	21-Nov-16	ISX IP Ltd	Pending

Title	Patent Office	Official no.	Priority date	Applicant / owner	Status
Identifying an entity	USA	16/462,461	21-Nov-16	ISX IP Ltd	Pending
Identifying an entity	Singapore	10202105352U	21-Nov-16	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	Australia	2017901038	23-Mar-17	ISX IP Ltd	Completed
Computer systems, computer-implemented methods and software for processing payouts	PCT	PCT/AU2018/050261	23-Mar-17	ISX IP Ltd	Completed
Computer systems, computer-implemented methods and software for processing payouts	Australia	2018238191	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	Canada	3,057,195	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	Europe	18772622.9	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	United Kingdom	1915239.6	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	New Zealand	757966	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	Portugal	2018170548	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	USA	16/495,592	23-Mar-17	ISX IP Ltd	Pending
Computer systems, computer-implemented methods and software for processing payouts	South Africa	2019/06967	23-Mar-17	ISX IP Ltd	Pending
Remotely verifying an identity of a person	PCT	PCT/AU2019/050981	12-Sep-18	ISX IP Ltd	Completed
Remotely verifying an identity of a person	Canada	3,112,331	12-Sep-18	ISX IP Ltd	Pending

Title	Patent Office	Official no.	Priority date	Applicant / owner	Status
Remotely verifying an identity of a person	Europe	19860170.0	12-Sep-18	ISX IP Ltd	Pending
Remotely verifying an identity of a person	US	17/275,361	12-Sep-18	ISX IP Ltd	Pending
Method and apparatus for verifying the legitimacy of a financial instrument	US	7,588,181	7-Sep-05	ISX IP Ltd	Registered
Method and apparatus for verifying the legitimacy of a financial instrument	US	8,131,617	7-Sep-05	ISX IP Ltd	Registered
Method and apparatus for verifying financial account information	US	7,765,153	10-Jun-03	ISX IP Ltd	Registered
Method and apparatus for verifying financial account information	US	8,805,738	10-Jun-03	ISX IP Ltd	Registered

(d) Trademarks

ISXFEU Group owns and operates under the following key trademarks;

- **Flykk®** – EU 017970993, UK00917970993 and US #88266137
- **ISXPay®** – EU 017955150 and UK 00917955150
- **Payidentity™** - EU 015018906, UK 00915018906, and US 86886555
- **Probanx®** – EU 017976511, UK 00917976511, and US 88274537

7.6 ISXFEU's Organisation Structure

7.6.1 ISXFEU Directors and Key Management

Details of ISXFEU Directors, key and senior management are set out at section 8.

7.6.2 Employees

As at the date of this Prospectus, the ISXFEU Group has more than 110 employees, of which more than 45% were women.

ISXFEU and its employees have years of demonstrable specialised skills in developing identity verification, CORE banking, interbank network and card payment processing software, and integrating these individually or as an ecosystem to various eCommerce, securities and derivatives trading, gaming, gambling platforms, in addition to integration with third party sanction screening, payment and banking platforms. ISXFEU is also accredited to ISO27001 and PCI DSS Level1 and has developed work practices to conform with these requirements. Its CORE banking software has also passed independent audits, including for the APRA CPS234 Security Standard. Probanx is also a test and integration partner of the Central Bank of Lithuania.

7.7 ISXFEU's Macroeconomic, Competitive and Regulatory Environment

The digital payments industry is highly competitive. ISXFEU competes with other providers of digital payments services, some of which have significant resources and are present in the markets in which ISXFEU operates. It also faces potential competitive pressure from banks and non-traditional payments processors and other market participants that have significant financial resources.

ISXFEU competes in a relatively fragmented market, with a range of global, regional and country-specific competitors. ISXFEU's principal card acquiring solutions competitors in the EEA also include global players such as Worldline, Paysafe, FIS (WorldPay), Nuvei and Adyen, regional players such as Credorax, eMerchantPay, Clearhaus, CardPay and country-specific players, as well as insourced operations at banks. In addition, the competition faced by ISXFEU may increase as a result of consolidation within the industry. For example, in March 2019, FIS acquired Worldpay, and more recently Fiserv acquired First Data in July 2019, and in February 2020, Worldline SA announced the acquisition of Ingenico.

ISXFEU's eMoney competitors include Paysafe Group's Neteller and Skrill. However, of these, only ISXFEU is a principal member of the major card schemes noted above and is the only one able to offer card acquiring services to third parties as well as "self-acquire", in order to issue its own eMoney into IBAN based accounts that it issues to consumers. ISXFEU has a number of competitive advantages, including being one of the very few hybrid eMoney issuers and card PSPs in the EEA, with further advantages due to its RegTech stack, including Paydentity. Paypal also offers card processing and eMoney facilities in other sectors in which ISXFEU does not offer services, and has an in-house only service comparable to Paydentity, but with certain disadvantages, including not being cross-currency capable and generally taking a longer period to verify a person. Both Paypal and ISXFEU have patented their payment instrument verification methods.

ISXFEU competes in the SEPA payments sector with Trustly Group AB.

Probanx is one of the smaller providers in Core banking systems and competes with Temenos and SAP at the entry level of the market, principally targeting neo-banks and eMoney institutions.

7.7.1 European Payment Overview

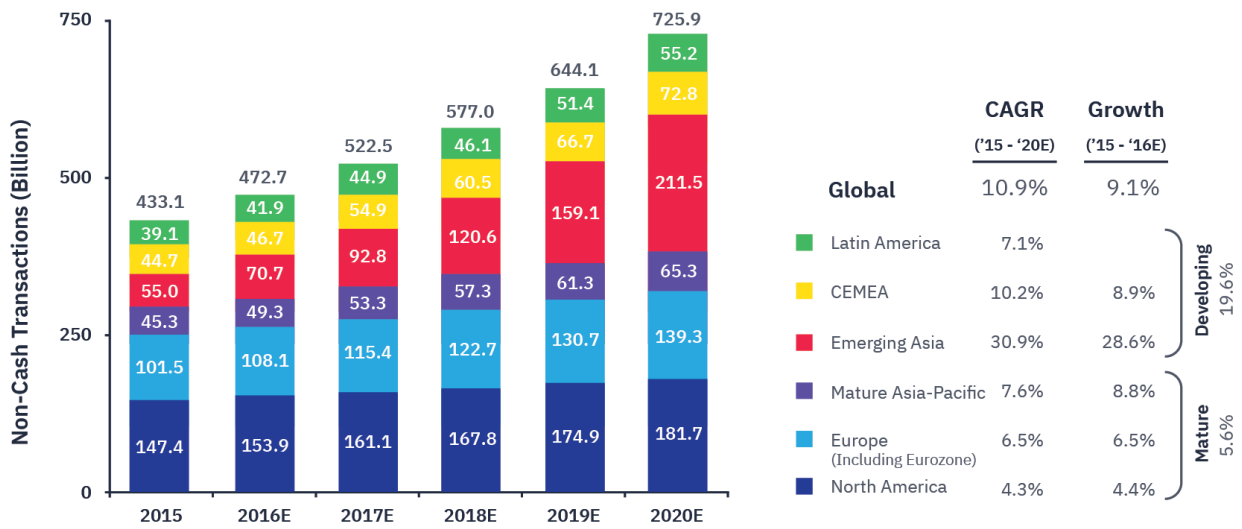
The payments industry is facing dynamic innovation and consolidation. The traditional value chain and service propositions are being disrupted by new industry players, while existing industry participants have been busy consolidating assets to drive growth and maintain market share.

Growth in non-cash payments continues throughout the world, even in mature markets where the transition to on-line payments or digital payments has been slower due to traditional market participants' established presence in the market and high barriers to entry.

The charts below show the research. ⁹

Figure 3 - Non-cash payments in EU grew 6.5% in 2020

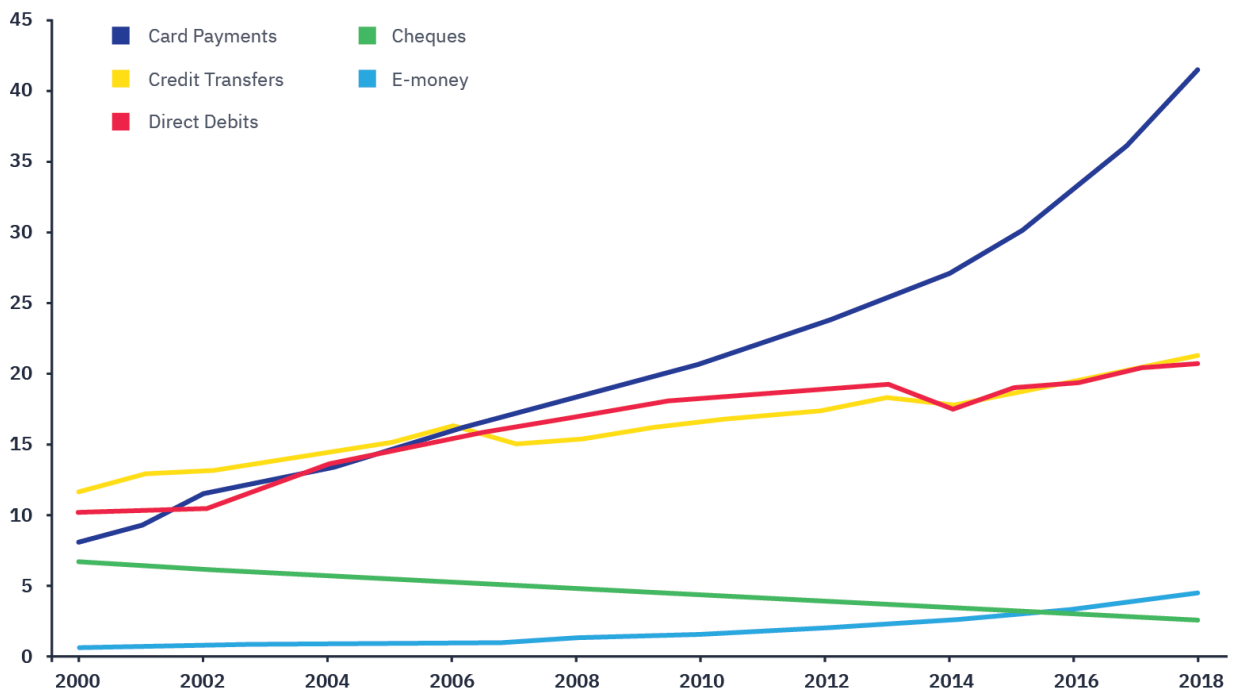
Number of Worldwide Non-Cash Transactions (Billion), by Region, 2015-2020E



Note CEMA (Central Europe, Middle East, Africa) now includes Algeria, Bulgaria, Croatia, Kenya, Nigeria, Egypt, Israel, Morocco, and UAE in Other CE and MEA countries; Latin America now includes Argentina, Colombia, Venezuela, Chile, Peru, Uruguay, Costa Rica, Bolivia, and Paraguay in Other Latin American Countries; Emerging Asia now includes Malaysia, Thailand, Indonesia, Philippines, Taiwan, Pakistan, Sri Lanka, and Bangladesh in Other Asian countries; Mature APAC (Asia-Pacific) includes Japan, Australia, South Korea and Singapore; NA (North America) includes the U.S and Canada. Chart numbers and quoted percentages may not add up due to rounding.

Source: Capgemini Financial Services Analysis 2017; ECB Statistical Data Warehouse, 2015 figures released October 2016; Bank for International Settlements Red Book, 2015 figures released December 2016; Internal Estimates.

Figure 4 - Use of the main payment services in the SEPA



Source: ECB.

⁹ <https://www.ecb.europa.eu/press/pr/stats/paysec/html/ecb.pis2018~c758d7e773.en.html>

7.7.2 Regulation

There are a number of regulations which are relevant for the evolution of the industry mainly:

- The Payment Services Directive 2015/2366 (**PSD2**) seeks to improve the existing EU rules for electronic payments. It takes into account emerging and innovative payment services, such as internet and mobile payments. The PSD2 provides an opportunity to ISXFEU, which can utilise its Payidentity™ platform as a means to perform **SCA**, whereas conventional payment services providers must rely upon the card scheme's 3D Secure version2 system almost exclusively. 3D Secure version2 is not supported by all issuers globally, which in turn means that transactions that do not have an alternative means to support SCA may be open to higher levels of fraud.
- The Fifth Anti Money Laundering Directive makes a significant new legislative step in the treatment of virtual currencies.
- General Data Protection Regulation (**GDPR**) covers data protection and privacy in the EU and the EEA and covers the transfer of any personal data outside the EU and EEA areas. In essence, GDPR's primary goal is to ensure that individuals retain control over their personal data in general, but also particularly in relation to personal information transferred in order to complete transactions in the digital environment, both inside the EU/EEA and globally.
- Cyprus has harmonized its legislation with the relevant EU directives and practices governing the operations of Payment Institutions (**PI**) and Electronic Money Institutions (EMI). ISXFEU has been granted an eMoney authorisation and a payment services class 5 authorisation by the Central Bank of Cyprus. This authorisation has been "passporting" to all EEA member states. The establishment and regulation of eMoney and payment services institutions in Cyprus is governed by the Law 81(I)/2012 (**Electronic Money Law**) and Law 31(I)/2018 (**Payment Institutions Law**) respectively, both as amended. Both the Electronic Money Law and Payment Institutions Law are in alignment with the latest EU legislative developments, including the PSD2.
- The transposed provisions of the PSD2 within the respective Cyprus legislation broadens the scope of payment services regulation within the EU and introduces third party PSPs within the scope of regulation for the first time. It also introduces changes to conduct of business requirements aimed at improving consumer protection and competition and changes to security and transparency requirements.

European Economic Area eMoney Licence

ISXFEU operates in two principal models;

- Payment Service Provider (**PSP**), including Credit Transfers, Debit Transfers, card acquirer and issuer of card services under PSD2; and
- as an eMoney issuer under *Electronic Money Directive 2009/110/EC*.

ISXFEU has been processing payments since March 2017 and has a number of clients that are regulated under securities market, gaming and cryptocurrency regulations operating in the UK and EEA, utilising its payments network and eMoney services.



Principal member Scheme participant in the EEA and UK, for card acquiring and issuing (Mastercard, Diners, Discover) and acquiring (others).



Scheme participant interconnected to more than 4400 EEA & UK institutions



Board member of the <https://www.e-csg.eu/about>



Scheme participant with SWIFT BIC ISEMCY22XXX



European Economic Area and UK Authorised eMoney and Payment Services, with € Central Banking and IBAN issuance capability

Agreements with major card schemes

As an EEA authorised PSP, ISXFEU is a principal member of, Mastercard Inc, Diners Club, Discover and JCB, an American Express aggregator, and provides merchants with access to payments via alternative payment methods including SEPA (including SEPA Instant service), Poli Payments, Sofort, PRZ24 and others. ISXFUK is a principal member of Mastercard, and has access to Diners, Discover, and JCB via the ISXFEU agreements.

United Kingdom eMoney Licence

ISXUK, being a wholly owned subsidiary of ISXFEU is an authorized EMI by the FCA under the **Electronic Money Regulations 2011** (United Kingdom).

Importantly, the EMI authorisation provides ISXUK with full access and continuity to the key British market post Brexit, and significantly extends the group's regulatory authorisations.

The FCA's UK authorisation allows ISXUK to issue, distribute and redeem eMoney, as well as offer the complete range of payment services available under the **Payment Services Regulations 2017** (United Kingdom).

ISXUK has also been granted the following payment services authorisations under the Payment Services Regulations 2017 (United Kingdom):

- Service Class 1: Services enabling cash placement on a payment account.
- Service Class 2: Services enabling cash withdrawals from a payment account.
- Service Class 3: Execution of payment transactions (not covered by a credit line).
- Service Class 4: Execution of payment transactions (covered by a credit line).
- Service Class 5: Issuing payment instruments or acquiring payment transactions.
- Service Class 6: Remittance Services.
- Account information services: authorised to retrieve account data from other banks and financial institutions.
- Payment initiation services: authorised to initiate payments into or out of a user's account held with a third-party institution.

ISXUK's authorisation to act as an Account Information Services Provider is similar in concept to the Australian open banking Consumer Data Right ("**CDR**") regulated by the Australian Competition and Consumer Commission.

7.8 Environmental and Social Governance

ISXFEU has adopted an environmental policy, reflecting ISXFEU's belief that it is sound business practice to protect the environment in which ISXFEU operates. Pursuant to the policy, ISXFEU commits to:

- comply with all relevant environmental legislation, regulations and approved codes of practice in the countries where ISXFEU operates.
- reduce the direct impact of ISXFEU's operations on the environment and operate an internal environmental management system based on International Organization for Standardization's "Environmental Management Standard ISO 14001" by mid-2024.
- reduce the indirect impact of ISXFEU's commercial activities on the environment.
- provide training and engagement opportunities for ISXFEU's people in sustainability leadership and responsibility.
- require all suppliers to adhere to ISXFEU's code of conduct and maintain high levels of environmental and ethical performance; and
- monitor and continuously improve our environmental performance.

7.9 Financial Information

Information relating to the financial information of ISXFEU and ISX is set out in Section 9 of this Prospectus and the Investigating Accountant's Report in Section 10 of this Prospectus.

8. ISXFEU Directors, Key Management and Corporate Governance of ISXFEU

8.1 ISXFEU Director Profiles

Independent Chairman & ISXFEU Board of ISXFEU Directors

Mr Christakis Taoushanis will continue to serve as ISXFEU's independent Chairman. The proposed ISXFEU Board of ISXFEU Directors' post Demerger comprises 5 independent non-executive ISXFEU Board members, and 3 executive ISXFEU Board members.

Mr. Christakis Taoushanis

Independent Non-Executive ISXFEU Director

B. Sc M. Sc

Age: 64

Residence: Cyprus

ISXFEU Director Since: April 4, 2017

Mr. Taoushanis holds a BSc degree in Economics, and a Master's in Business Administration received from the London School of Economics and the London Business School, respectively. Mr. Taoushanis brings extensive banking and finance knowledge and experience to our organisation having spent over 30 years in the industry in various senior roles.

Mr. Taoushanis has worked for some of the world's largest banks in a number of different locations including Chicago, Greece, Hong Kong and Cyprus. This includes serving at Continental Illinois National Bank of Chicago for four years, the HSBC Group for eighteen years, with twelve of those as the Managing Director of the Cyprus subsidiary, and eight years as the Chief Executive Officer of the Cyprus Development Bank.

Since 2011, Mr. Taoushanis has been working with the private firm TTEG & Associates, providing services as an advisor to several companies (outside Australia), also acting as a non-Executive director in some of them.

Other current directorships:	MHP SE (LSE: MHPC), Louis plc (CSE: LUI), iCFD Ltd, Marera Investment Group, Embelimar Ltd, Capital Intelligence Ratings Ltd
Former directorships (last 3 years):	iSignthis Ltd (ASX: ISX)
Special responsibilities:	Chairman of the ISXFEU Board, Chairman of the Risk Committee, Member of the Audit Committee, Member of Remuneration and Nomination Committees.
Interests in shares:	258,500 Ordinary ISXFEU Shares (Subject to the Demerger occurring).
Interests in options:	Nil
Interests in rights:	Nil

Mr. Nickolas John Karantzis

ISXFEU Managing Director and Chief Executive Officer

B.E. MCommrclLaw. M.Enterp FIEAust CPEng NER APEC Engineer IntPE (Aus) Adj

Age: 51

Residence: Cyprus

ISXFEU Director Since: October 19, 2015

Mr. Karantzis holds qualifications in engineering (University of Western Australia), law and business (University of Melbourne). He is the founder of ISXFEU's predecessor, ISX and has led ISXFEU and ISX to profitability.

Mr. Karantzis is presently also the Managing Director of NSXL. Mr. Karantzis' role at NSXL is as the interim CEO until key technology projects and revenue initiatives are achieved.

Mr. Karantzis has over 28 years' experience in a number of sectors, including payments, online media, secure communications, and eCommerce.

His previous public company experience includes directorships with ISX (ASX: ISX) (since 2015), NSX (ASX: NSX) (since 2020), Sports Entertainment Group (ASX: SEG) (formerly known as Pacific Star Network Limited (ASX: PNW), Data and Commerce Ltd. (ASX: DCL) and Reeltime Media Limited (ASX: RMA).

Mr Karantzis is currently subject to civil penalties proceedings by ASIC in the Federal Court of Australia, see section 14.8

Other current directorships:	NSXL (ASX: NSX)
Former directorships (last 3 years):	ISX (ASX: ISX)
Special responsibilities:	Managing Director, Member of the Risk Committee
Interests in shares:	45,129,775 Ordinary ISXFEU Shares (Subject to the Demerger occurring)
Interests in options:	Nil
Interests in rights:	Nil

Ms. Elizabeth Warrell

Executive ISXFEU Director, Chief Financial Officer (CFO)

Age: 46

Residence: Australia

ISXFEU Director Since: February 20, 2020

Ms. Warrell has 20 years banking and financial services experience in Australia and internationally, including her previous role with the National Australia Bank Ltd (NAB) (ASX: NAB) as the General Manager Finance, Consumer Banking. Ms. Warrell spent over 11 years at the NAB, with roles covering the Consumer Banking business, including the Retail, Broker, UBank and Direct channels of the NAB, as well as leading the NAB's financial control and external reporting team.

Prior to joining the NAB, Ms. Warrell worked at GE Money's Australian operations, before spending several years in their head office in the United States and rolling out a joint venture in India. Ms. Warrell started her career in Audit at PriceWaterhouseCoopers and holds a Bachelor of Accounting qualification from Monash University. She has been a member of the Institute of Chartered Accountants since 1998.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Executive Director.
Interests in shares:	44,673 Ordinary ISXFEU Shares (Subject to the Demerger occurring).
Interests in options:	Nil
Interests in rights:	Nil

Mr. Dominic James Melo

Executive ISXFEU Director, Chief Product Officer

Age: 42

Residence: Cyprus

ISXFEU Director Since: June 10, 2019

Mr. Melo brings over two decades experience in the payments and information technology (“I.T.”) expertise to our organization having worked for in the industries in various roles.

Mr. Melo has worked for organizations that span several locations including Hong Kong, London, Malta, Cyprus, United States of America. This included acting as director of Paymundo Systems for over six years, Senior Consultant for Go-Secure for over 11 years and Information Technology director at Alliance Asset Management for over two years. Since 2018 Mr. Melo currently holds the position of Chief Product Officer where he coordinates the ISXFEU’s product suite.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Executive Director, Member of the Risk Committee.

Interests in shares: 116,029 Ordinary ISXFEU Shares
(Subject to the Demerger occurring).

Interests in options: Nil

Interests in rights: Nil

Proposed ISXFEU Directors

(Subject to Central bank of Cyprus notification process)

Mr. Paul Barnes

Proposed Independent Non-Executive ISXFEU Director

FCCA MCSI

Age: 67

Residence: United Kingdom

ISXFEU Director Since: (pending)

Mr. Barnes is a Fellow of the Association of Chartered Certified Accountants and a member of the Chartered Institute for Securities & Investment.

Since 1983, Mr. Barnes has gained considerable experience in venture development, financial management, corporate finance and M&A transactions. As a business builder, Mr. Barnes has been a key member of the teams which developed and floated, by admission to the AIM market, Tradepoint Financial Networks PLC (1995) (now Virt-X, a division of the Swiss Stock Exchange) which was the first independent authorized Recognised Investment Exchange in the UK; Tristel PLC (2005) – an infection control and hygiene products company, and Oxford Catalysts Group PLC (now Velosys Group PLC (2006)) a leading innovator in the synthetic fuels industry, raising substantial funds for both companies and seeing them develop and grow.

Between 2005 and 2010 he served as the executive Finance director of these two public companies and has remained on the board of directors of Tristel PLC, serving as the Chairman of the board of directors between December 2018 and December 2019. Mr. Barnes was previously the Chairman of the Audit Committee and Risk Committee of Tristel PLC between 2013 and 2018.

In 2003 he established Beach Street Limited, an FSA regulated corporate advisory firm, which was sold in 2006. Since 2005 he has developed and maintained close links with business ventures as the part-time finance director for multiple companies in the healthcare, pharmaceuticals and biofuels industries. Between 2006 and 2011, Mr. Barnes was a finance director for Etherstack PLC, a wireless software engineering company which was admitted for listing on the ASX in 2012. Mr. Barnes is currently a non-executive director and shareholder of Etherstack PLC.

Having realized investments from the sale of a pharmaceutical business in November 2013, and as a founder of IST he has been developing Amersham Investment Management Limited, a niche SME FCA regulated BIPRU 50 investment management firm.

Between October 1992 and July 1997, he was initially Company Secretary and CFO and in February 1995 was appointed Finance director of Tradepoint Financial Networks PLC a UK PLC which in 1995 became the UK's first independently recognized investment exchange. Tradepoint Financial Networks PLC was first listed on the Vancouver Stock Exchange in March 1993.

On March 2000 he co-founded Copacabana Capital Limited a Bermuda registered company which was listed on the Canadian Venture Exchange, the predecessor to the TSX Venture Exchange, as capital pool companies. These companies were formed in order to acquire business seeking access to public markets. Mr. Barnes resigned as a director in September 2012

Other current directorships: Etherstack PLC (ASX: ESK)
Former directorships (last 3 years): Tristel PLC (AIM: TSTL)
Special Responsibilities: Proposed Member of the Remuneration and Nomination Committees and Chairman of the Audit Committee
Interests in shares: 25,000 Ordinary ISXFEU Shares (Subject to the Demerger occurring).
Interests in options: Nil
Interests in rights: Nil

Mr. Timothy J. Hart

Proposed Independent Non-Executive ISXFEU Director

BSc, MM(T), MMktg, MEd (Melb), PGDSI, PGDOL (Oxon), FAICD, FIML

Age: 57

Residence: Australia

ISXFEU Director Since: Pending

Since 2015, Mr. Hart has Chaired ISX. From early 2020, he is also the non-Executive Chairman of NSXL the 100% owner of Australia's second largest Tier 1 securities market operator, the NSXA. He was formally the Managing Director and Chief Executive Officer of Ridley Corporation Limited (ASX: RIC) (**Ridley**) from April 2013 to July 2019, which he joined after an extensive career in agribusiness and manufacturing. His varied experience covers general management, strategic marketing, sales, and supply chain. Before joining Ridley, Mr. Hart was the CEO of Sugar Australia Pty Ltd for eight years, and prior to this he had a long career in the fast-moving consumer goods packaging industry.

He is a Fellow of the Australian Institute of Company Directors and of the Institute of Managers and Leaders (Australia and New Zealand).

From 2007 to 2012, Mr. Hart was a director of the Australian Food & Grocery Council (**AFGC**), and Chair of the AFGCs Corporate Affairs Committee. He also Chaired the AFGC Agribusiness Forum. Mr. Hart is currently the Chair of Enactus Australia (and a director since 2009), a community of student, academic and business leaders committed to using the power of entrepreneurial action to transform lives and shape a better more sustainable world and was also a director of the World Sugar Research Organisation (2010-13).

He is a guest Lecturer and Mentor at the Faculty of Veterinary and Agriculture, University of Melbourne, an Ambassador (former director) of the National Association of Women in Operations and has been a member of the Monash University Food and Agriculture Initiative, Advisory Board.

Mr. Hart has two Post Graduate Diplomas from Said Business School, The University of Oxford (Strategy & Innovation and Organisational Leadership) and he holds a number of degrees from The University of Melbourne - Bachelor of Science, and Master of Management, Master of Marketing and Master of Education.

Other current directorships: Chairman of NSXL (ASX: NSX), ISX (ASX: ISX)
Former directorships (last 3 years): Ridley (ASX: RIC)
Special responsibilities: Proposed Deputy Chair of the ISXFEU Board, Chairman of the Remuneration Committee and the Nomination Committee, and Member of the Audit Committee and Risk Committee.
Interests in shares: 1,614,123 Ordinary ISXFEU Shares (Subject to the Demerger occurring).
Interests in options: Nil
Interests in rights: Nil

Mr. Panikos Poulos

Proposed Independent Non-Executive ISXFEU Director

B. Sc M. Sc

Age: 72

Residence: Cyprus

ISXFEU Director Since: Pending

Mr. Poulos holds a B.Sc & M.Sc in Economics from the London School of Economics and the University of Aberdeen, respectively. Mr. Poulos also holds a certificate from the International Monetary Fund Institute (USA) and the European Institute of Public Administration (Maastricht-Netherlands).

Mr. Poulos has previously been a director of the Bank of Cyprus, the National bank of Greece (Cyprus), the Cyprus Development Bank, and the Cyprus Cooperative Bank (as the senior independent director).

Mr. Poulos has extensive experience in governmental economic affairs having worked as Permanent Secretary at the Economic Planning Bureau, at the Ministry of External Affairs (DG European Union) and at the Ministry of Agriculture Natural Resources and Environment of Cyprus. He has also served as President of the Board of Directors of the Research Promotion Foundation, of the Agricultural Insurance Organisation, and of Eurolife Insurance.

Mr. Poulos has also been a member of the economic research unit of the University of Cyprus, the Economic Advisory committee to the President of the Republic of Cyprus, and the negotiating team of Cyprus during the EU accession negotiations. He has also been member of the board of directors of the Human Resource Development Authority, the European Institute, the Town Planning Council and various other boards and committees in Cyprus.

Other current directorships: Aretaio Hospital, SEDIPES (formerly Cyprus Cooperative Bank Ltd)

Former directorships (last 3 years): Horizon Investment Fund Ltd

Special responsibilities: Proposed Member of the Audit Committee and Risk Committee.

Interests in shares: Nil

Interests in options: Nil

Interests in rights: Nil

Mr. Adonis Pegasiou

Proposed Independent Non-Executive ISXFEU Director

Ph.D. M. Sc

Age: 41

Residence: Cyprus

ISXFEU Director Since: Pending

Mr. Pegasiou holds a BSc degree in Economics from the London School of Economics (LSE) and a Masters from the University of Bristol in European Policy Studies. Mr. Pegasiou further holds a Ph.D. from the University of Manchester in Politics. Furthermore, he received funding to undertake a post-doctoral fellowship to study the Europeanisation of Cyprus's Economy, based at the European University of Cyprus and in cooperation with the LSE and the University of Manchester

Mr. Pegasiou has over 10 years' experience in academia which includes him lecturing at both the 'University of Cyprus', 'European University of Cyprus' and is currently the Academic director at the 'European Institute of Management and Finance'.

In addition, Mr. Pegasiou has over a decade experience as a consultant for the public and the private sector, where he served on the Boards of Cyprus Airways as well as most recently the Cyprus Cooperative Bank, among other.

Other current directorships: V.B Valuebridge Trading Limited, Introvest Limited

Former directorships (last 3 years): Nil

Special responsibilities: Proposed member of the Audit Committee and of the Risk Committee.

Interests in shares: Nil

Interests in options: Nil

Interests in rights: Nil

8.2 ISXFEU Directors' Interests

Other than as set out in this Prospectus, no ISXFEU Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- a. the formation or promotion of ISXFEU.
- b. any property acquired or proposed to be acquired by ISXFEU in connection with its formation or promotion, or the Offer; or
- c. the Offer,

and ISXFEU has not paid any amount or provided any benefit, or agreed to do so, to any ISXFEU Director, either to induce that ISXFEU Director to become, or to qualify them as an ISXFEU Director, or otherwise, for services rendered by them in connection with the formation or promotion of ISXFEU or the Offer.

8.3 ISXFEU Directors' Security Holdings

ISXFEU Directors are not required under the ISXFEU Constitution to hold any ISXFEU Shares. Set out in the table below are details of the existing relevant interests of the ISXFEU Directors in ISXFEU Shares at the date of this Prospectus and the anticipated relevant interests of the ISXFEU Directors in ISXFEU Shares upon completion of the Demerger.

ISXFEU Director / Proposed ISXFEU Director	Existing ISXFEU Shares held	% Interest as at the date of this Prospectus	ISXFEU Shares to be received pursuant to the Demerger	% Interest upon completion of the Demerger
Mr. Christakis Taoushanis ⁽¹⁾	0	0%	258,500	0.2%
Mr. Nickolas John Karantzis ⁽²⁾	0	0%	45,129,775	41.0%
Mr. Dominic Melo	0	0%	116,029	0.1%
Ms. Elizabeth Warrell	0	0%	44,673	0.04%

Proposed ISXFEU Director	Existing ISXFEU Shares	% Interest as at the date of this Prospectus	ISXFEU Shares to be received pursuant to the Demerger	% Interest upon completion of the Demerger
Mr. Timothy J Hart ⁽³⁾	0	0%	1,614,123	1.5%
Mr. Paul Barnes	0	0%	25,000	0.02%
Mr. Adonis Pegasiou	0	0%	0	0
Mr. Panikos Poulos	0	0%	0	0

Notes

1. Mr. Taoushanis will hold ISXFEU Shares via Triple Smile International Ltd and directly.
2. Mr. Karantzis will hold ISXFEU Shares via Select All Enterprise Ltd and Ithaki Nominees Pty Ltd.
3. Mr. Hart will hold ISXFEU Shares via Vastium Ltd, TKJD Hart Pty Ltd and directly.

8.4 Remuneration of ISXFEU Directors

The ISXFEU Constitution provides that the remuneration of Non-Executive ISXFEU Directors will not be more than the aggregate fixed sum determined by a general meeting of ISXFEU Shareholders. The aggregate remuneration for Non-Executive ISXFEU Directors has been set at an amount not to exceed € 500,000 (approx. AUD\$800,000) per annum.

The remuneration of Executive ISXFEU Directors will be fixed by the ISXFEU Directors and may be paid by way of fixed salary or consultancy fee. The ISXFEU Board has resolved that the ISXFEU Directors' fees will be € 36,000 (AUD\$57,600) per annum for the Chairman and €18,000 (approx. AUD\$29,000) per annum for non-executive ISXFEU Directors (exclusive of any statutory obligations), which may be subject to change in the future.

The remuneration of the executive ISXFEU Directors and key management will be determined by the ISXFEU Board. A summary of Mr. Nickolas John Karantzis' (the ISXFEU Managing Director), Ms. Elizabeth Warrell's (the Chief Financial Officer) and Mr. Dominic Melo (the Chief Product Officer) material terms employment agreements are set out in Section 8.7.1.

The annual remuneration payable to each of the ISXFEU Directors is as follows:

ISXFEU Director (1)	Annual Remuneration (Effective from Demerger Date or appointment date for proposed ISXFEU Directors)
Mr. Christakis Taoushanis (Independent, non-Exec)	€36,000 p.a.
Mr. Nickolas John Karantzis (Exec)	€300,000 p.a.
Mrs. Elizabeth Warrell (Exec)	AUD \$350,000 p.a.
Mr. Dominic Melo (Exec)	€101,004 p.a.
Proposed ISXFEU Directors	
Mr. Timothy Joseph Hart ⁽²⁾⁽⁴⁾ (Independent, Non Exec, Proposed)	€18,000 p.a.
Mr. Adonis Pegasiou ⁽²⁾ (Independent, Non Exec, Proposed)	€18,000 p.a.
Mr. Panikos Poulos ⁽²⁾ (Independent, Non Exec, Proposed)	€18,000 p.a.
Mr. Paul Barnes ⁽³⁾ (Independent, Non-Exec, Proposed)	€18,000 p.a.

Notes

1. For details of the ISXFEU Directors' interests in securities in ISXFEU refer to Section 8.3 above.
2. The proposed ISXFEU Directors are attending ISXFEU Board meetings as non-voting members until formalities with the Central Bank of Cyprus are finalised. The voting intentions of the proposed ISXFEU Directors are recorded, and fees are to be paid from Demerger date.
3. ISXFEU Directors' fees for Mr. Paul Barnes are being paid by ISXFEU as he is an FCA approved director of ISXUK.
4. Mr Hart also receives directors fees in his capacity as a director of ISX and ISFEU's associate, the NSX Limited.

8.5 Senior Management Profiles

Mr. James Lindsay Cameron

Chief Risk Officer (CRO)

Age: 42

Residence: Australia

Mr. Cameron has 19 years banking and financial services experience, in Australia, New Zealand and Europe including in his current role as Chief Risk Officer which originally commenced with ISXFEU in February 2018.

Over the prior 17 years Mr. Cameron has worked for the NAB (ASX: NAB), in Corporate Bank specialising in the card not present payment aggregation sector. Mr. Cameron was instrumental in growing this vertical within the NAB and supporting global players entering the Australian market. Prior to this he has worked for BOS International (100% subsidiary of LSE: LLOY), within the Business Support Unit, which was responsible for working out the distressed debt book of the bank during the global financial crisis, and The Bank of New Zealand (100% subsidiary of the NAB), working within the Institutional Bank - Syndications and Securitisation team. Mr. Cameron is also an ISXFEU representative on the ClearPay board.

Other current directorships:	ClearPay Pty Ltd
Former directorships (last 3 years):	Nil
Interests in shares:	113,982 Ordinary ISXFEU Shares (Subject to the Demerger occurring)
Interests in options:	Nil
Interests in rights:	Nil

Mr. Andreas Karantzis

Chief Sales Officer (CSO)

Age: 44

Residence: Cyprus

Mr. Karantzis joined ISXFEU early 2017 and has been instrumental in driving the sales and marketing effort of ISXFEU. He has developed ISXFEU's customer acquisition strategy while building the sales team and contributing to product innovation based on market intelligence.

Mr Karantzis is also responsible for the customer support and merchant support teams in addition to business development and relationship managers. He has over 20 years' experience in IT, technology, and financial services sales, including five years of payment, identity, and transactional banking experience.

Other current directorships: Probanx Solutions Ltd, UAB Probanx Solutions

Former directorships (last 3 years): Nil

Interests in shares: 11,484,300 Ordinary ISXFEU Shares¹⁰
(Subject to the Demerger occurring).

Interests in options: Nil

Interests in rights: Nil

Mr. Andrew Evers

Chief Technology Officer

Age: 44

B. Sc (Hons)

Residence: USA

Mr. Evers holds a BSc in Information Technology from the University of Western Australia with First Class Honors. Mr. Evers has over two decades experience covering Banking, Finance & Administration, and Contact Centre Services.

Mr. Evers has delivered multiple complex platforms and products for customers and partners, ranging from technology migrations to greenfield product launches. These include Cronacle V8 (also known as SAP Business Process Automation by Redwood), RunMyJobs (Hybrid Cloud Workload Automation).

Prior to Mr Evers current role as CTO for ISXFEU he also held the position of CTO for DXC's Business Process Services offering group covering Banking, Finance, Administration and Contact Centre Services. In addition, Mr Evers was CTO at Redwood Software, where he was responsible for the entire product portfolio, including RunMyJobs, Report2Web and ancillary solutions.

He has contributed to the Apache Software Foundation and to the Java Community Process (JSR 236: Concurrency Utilities for Java™ EE, JSR 237: Work Manager for Application Servers), and presented at JavaOne.

Other current directorships: ISX Technologies Inc

Former directorships (last 3 years): Nil

Interests in shares: 8,325 Ordinary ISXFEU Shares
(Subject to the Demerger occurring).

Interests in options: Nil

Interests in rights: Nil

¹⁰ Mr. Karantzis has a direct interest in ISX Shares and ISXFEU Shares in addition to his interest via Red 5 Solutions Ltd, a company in which he is the sole beneficial owner.

8.6 Bankruptcies, Penalties, Sanctions, Legal or Disciplinary Action

None of ISXFEU's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of ISXFEU (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including ISXFEU) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

None of ISXFEU's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of ISXFEU, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

All of the ISXFEU Directors, proposed ISXFEU Directors and executive officers of ISXFEU, with the exception of Paul Barnes, Christakis Taoushanis, Adonis Pegasiou and Panikos Pouras, are currently ISX Directors and/or executive officers of ISX, which is subject to the ASX Dispute. See "**Legal Proceedings and Regulatory Actions – Dispute with ASX**".

In late 2020, ASIC commenced civil penalty proceedings in the Federal Court against Mr Karantzis. The proceedings against Mr Karantzis' is in relation to involvement in alleged breaches by ISX of its continuous disclosure obligations and alleged false and misleading representations under the Corporations Act and Mr Karantzis' alleged breaches of his directors duties and an alleged failure to take reasonable steps to ensure information that he gave to ASX was not false or misleading. ASIC is also seeking declarations and pecuniary penalties against Mr Karantzis and seeking orders that Mr Karantzis be disqualified from managing Australian corporations. Mr Karantzis is vigorously defending the claims.

8.7 Key Terms of proposed agreements with ISXFEU Directors, Senior Management or Related Parties

8.7.1 Material Terms of proposed Executive Service Agreements

Mr. Nickolas John Karantzis

Managing ISXFEU Director and Chief Executive Officer

The proposed terms of Mr. Karantzis Executive Employment Agreement for the position of Managing ISXFEU Director and Chief Executive Officer includes a termination period of six (6) months by either party, a director's fee and base salary totalling €300,000 per annum (AUD\$ 480,000) plus statutory entitlements and a family health care insurance policy, fully maintained company vehicle with lease up to €12,500 per annum (AUD\$20,000). The agreement shall recognise one month of accrued annual leave, and participation in the employee incentive plan.

Mrs. Elizabeth Warrell

Chief Financial Officer and Company Secretary

The terms of Mrs Warrell's Executive Employment Agreement for the position of Executive ISXFEU Director and Chief Financial Officer includes a termination period of six (6) months by either party, a director's fee and base salary totalling AU\$350,000 per annum plus statutory entitlements. The agreement shall recognise one month of accrued annual leave, and participation in the employee incentive plan.

Mr. Dominic Melo

Chief Product Officer

The terms of Mr Melo's Executive Employment Agreement for the position of Executive ISXFEU Director and Chief Product Officer includes a termination period of three (3) months by either party, a director's fee and base salary totalling €101,004 per annum (AUD\$161,606) plus statutory entitlements, family health care insurance policy, fully maintained company vehicle with lease up to €8,000 per annum (AUD\$12,500). The agreement shall recognise one month of accrued annual leave, and participation in the employee incentive plan.

8.7.2 Deeds of indemnity, insurance and access

ISXFEU is party to a deed of indemnity, insurance and access with each ISXFEU Director and is proposing to enter into similar deeds of indemnity, insurance and access with the proposed ISXFEU Directors. Under these deeds, ISXFEU indemnifies each ISXFEU Director to the extent permitted by the Companies Law against any liability arising as a result of the Director acting as a ISXFEU Director. ISXFEU is also required to maintain insurance policies for the benefit of the relevant ISXFEU Director and must also allow the ISXFEU Directors to inspect ISXFEU Board papers in certain circumstances. It is noted that s197 of the Companies Law does not permit indemnifying the ISXFEU Director against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to ISXFEU, unless judgment is given in the ISXFEU Director's favour or in which they are acquitted, and not otherwise.

8.8 Corporate Governance

This summary identifies the key corporate governance policies and practices adopted by ISXFEU's Board. The ISXFEU Board is committed to ensuring continued investor confidence in the operations of ISXFEU and in maintaining high standards of corporate governance in the performance of their duties.

8.8.1 The role of the ISXFEU Board

The role of the ISXFEU Board of ISXFEU Directors is to provide strategic guidance to ISXFEU (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within ISXFEU.

The ISXFEU Board will always retain ultimate authority over the management and staff of ISXFEU and its related bodies corporate.

In performing its role, the ISXFEU Board should act, at all times:

- a. in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of ISXFEU, ISXFEU's Shareholders, as well as its employees, customers and the community.
- b. in a manner designed to create and continue to build sustainable value for ISXFEU Shareholders.
- c. in accordance with the duties and obligations imposed upon them by the ISXFEU Constitution and applicable law; and
- d. with integrity and objectivity, consistently with the ethical, professional and other standards set out in ISXFEU's corporate governance policies.

8.8.2 Responsibilities of the ISXFEU Board

The responsibilities of the ISXFEU Board include:

- a. represent and serve the interests of ISXFEU Shareholders by overseeing and appraising ISXFEU's strategies, policies and performance.
- b. protect and optimise ISXFEU's performance and build sustainable value for ISXFEU Shareholders.
- c. set, review and ensure compliance with ISXFEU's values and governance framework; and
- d. ensure that ISXFEU Shareholders are kept informed of ISXFEU's performance and major developments.

8.8.3 Composition of the ISXFEU Board

Under the ISXFEU Articles of Association, the minimum number of ISXFEU Directors is four and the maximum number is ten. The ISXFEU Board at the date of this Prospectus is comprised of four ISXFEU Directors, namely Mr Christakis Taoushanis, Mr. Nickolas John Karantzis, Ms Elizabeth Warrell, and Mr. Dominic Melo. The ISXFEU Directors consider the size and composition of the ISXFEU Board is appropriate given the four proposed ISXFEU Directors, Mr Paul Barnes, Mr Panikos Pourous, Mr Adonis Pegasiou and Mr Timothy Hart, and the current size and status of ISXFEU.

Each ISXFEU Director is bound by all of ISXFEU's charters, policies and codes of conduct. If the ISXFEU Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the ISXFEU Board. Such committees will be established by a formal charter.

The ISXFEU Board delegates the management of ISXFEU's business and day to day operation to the ISXFEU Managing Director who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The ISXFEU Board seeks to nominate persons for appointment to the ISXFEU Board who have the qualifications, experience and skills to augment the capabilities of the ISXFEU Board.

8.8.4 Independence of ISXFEU Directors

The ISXFEU Board considers the issue of independence of ISXFEU Directors, as set out in the ISXFEU Board charter.

The ISXFEU Board charter defines an independent director is a director who is not a member of management, is a non-executive director and who;

- a. is not, and has not within the last three years, been employed in an executive capacity by ISXFEU or another group member, and there has been a period of at least three years between ceasing such employment and serving on the ISXFEU Board.
- b. is not, and has not within the last three years been, a principal of a material professional adviser or a material consultant to ISXFEU or another group member, or an employee materially associated with the service provided.
- c. is not, and has not within the last three years, a material supplier or customer of ISXFEU or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- d. is not a substantial shareholder (i.e., a person with a relevant interest through associated entities) of ISXFEU or an officer of, or otherwise associated directly with, a substantial shareholder of ISXFEU.
- e. has no material contractual relationship with ISXFEU or another group member other than as a ISXFEU Director of ISXFEU.
- f. has no close family ties with any person who fall within any of the categories described above; or
- g. has been a director of the entity for such a period that his or her independence may have been compromised.

Any independence issue is considered at the materiality threshold relevant at the time to the particular issue. When assessing the materiality threshold relevant to an issue, thought is given not just to the financial materiality of an issue, but to the type of issue, shareholders expectations and potential reputational impacts as a result of the issue.

ISXFEU Directors are required to be assessed as 'fit and proper' under the joint European Banking Authority (**EBA**) and European Securities Market Authority 'Guide to fit and proper assessments', with details to be submitted to the Central Bank of Cyprus and the UK's Financial Conduct Authority.

8.8.5 Independent professional advice

The ISXFEU Directors are entitled to seek independent professional advice at ISXFEU's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the ISXFEU Board charter.

8.8.6 Securities trading policy

ISXFEU will adopt a formal securities trading policy prior to admission to any regulated exchange.

8.8.7 Remuneration policy

ISXFEU has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- a. annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience.
- b. rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution.
- c. share participation – ISXFEU is considering implementing an employee incentive scheme (refer to Section 14.4 for further details); and
- d. other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The ISXFEU Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the ISXFEU Managing Director.

Remuneration of the ISXFEU Managing Director will be reviewed annually by the ISXFEU Board. Determination of Non-Executive ISXFEU Directors fees are with regard to the long-term performance of ISXFEU.

8.8.8 Continuous disclosure obligations

Until such time as ISXFEU is admitted to an official list as a quoted public company, it will not be required to comply with any continuous or timely disclosure regulations.

ISXFEU is not currently listed, and it is therefore unnecessary to include obligations that ISXFEU will or may have upon admission. In any event, upon admission it will have obligations under, inter alia, (i) the rules of the stock exchange on which it will be admitted; (ii) the Companies Law ; (iii) under the GDPR (which it currently has in any event); (iv) the Provision and Use of Payment Services and Access to Payment Systems Laws of 2018 and 2019 (Cyprus) (an obligation that it currently has in any event); the Prevention and Suppression of Money Laundering Activities Law of 2007 (Cyprus) (a further obligation that it currently has in any event); (v) any Directives issued by the Central Bank of Cyprus pursuant to the laws which apply to ISXFEU.

8.8.9 ISXFEU Shareholder communication

The ISXFEU Board strives to ensure that ISXFEU Shareholders are provided with full and timely information to assess the performance of ISXFEU and ISXFEU Directors and to make well-informed decisions.

Information is communicated to ISXFEU Shareholders:

- a. through the distribution of the half year report, annual report and notice of annual general meeting.
- b. through emails, letters and other forms of communications directly to ISXFEU Shareholders; and
- c. by posting relevant information on ISXFEU's website, social media and in certain cases, the mainstream Cypriot news media.

8.8.10 Ethical standards and business conduct

The ISXFEU Board recognises the need for ISXFEU Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the ISXFEU Board intends to maintain a reputation for integrity. ISXFEU's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of ISXFEU. The code of conduct and further details of these standards can be found on ISXFEU's website.

8.8.11 Anti-Money Laundering and Anti Bribery Policies

ISXFEU maintains extensive **AML** and Anti Bribery policies, which are monitored day to day by the inhouse anti money laundering compliance officers (**AMLCO**) and risk teams. ISXFEU operates according to a four-layer model, which includes having in place appropriate policy that is adhered to by ISXFEU Group operations, monitored by the AMLCO, and subject to assessment by independent auditors, with reports disclosed to the ISX Board and the relevant Competent Authorities, which provide continuous oversight as required by regulation.

No regulated entity in the ISXFEU Group has been subject to any sanctions, fines, or corrective notices from any Competent Authority or financial intelligence unit in respect of its AML practices.

ISXFEU and ISXUK Competent Authorities include the Central Bank of Cyprus, the (Cypriot) Unit for Combating Money Laundering (**MOKAS**), the UK's Financial Conduct Authority (FCA), the UK's National Crime Agency and the (Central) Bank of Lithuania.

9. Financial Information

Within Section 9. Financial Information;

Section 9.1 contains an extract of historical financial information of ISX as disclosed in its respective annual reports for the years 2018, 2019, and 2020.

Section 9.2 contains information regarding the FY2020 pro-forma financial information of the proposed demerged entity, ISXFEU, including details of the pro-forma adjustment.

Section 9.3 contain three years (2018, 2019 and 2020) of pro-forma historical financial information for ISXFEU for comparison purposes.

Section 9.4 contains pro-forma financial information for ISX, post demerger for the FY2020 financial year. Please refer to the Sections below for further details.

9.1 ISX Historical Financials

This section contains a summary of the historical financials of ISX for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 from ISX's audited Annual Report's for those periods. The financial information covers ISX as a consolidated entity consisting of ISX and the entities it controlled at the end of, or during, the year presented. The financial statements are presented in Australian dollars, which is iSignthis Ltd's functional currency.

These general purpose financial statements were 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'). The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards. The financial information presented below is in an abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act.

In subsequent periods ISX restated its historical financials for the year ended 31 December 2018 and 31 December 2019. Information on the restatements is detailed below. All financial information presented below is after any restatement.

2018 Restatement

During the interim period ended 30 June 2019, the Company and ASIC agreed an adjustment to derecognise certain assets and liabilities previously recognised in the financial reports for the year ended 31 December 2018. The Company had previously recognised \$4,755,629 on the Statement of Financial Position, as client funds held by the Company which were subject to a Court Order instigated by ASIC arising from an investigation into two merchants that were customers of the Company. The Court Order required the funds to be frozen with all future movements subject to the court's permission. Due to the existence of the Court Order, it was determined that these funds did not satisfy the definition of an asset under the definition of the 'Framework for the Preparation and Presentation of Financial Statements' as the Company did not have control over these funds. The Company had also recognised a corresponding liability representing its obligations to the merchants which were no longer obligations of the Company under the same principles.

These funds were removed from the 'funds held on behalf of merchants' assets and 'funds held on behalf of merchants' liability accounts on the Statement of Financial Position. There was no net impact on net assets or on net loss for the year ended 31 December 2018 and these funds do not have any impact on the Company's cash at bank or on prior or future profit and loss.

2019 Restatement

For the period ended 31 December 2019 there were three prior period restatements. The net impact on these restatements was a \$37,169 increase in net profit after tax for the 12 months ended 31 December 2019. The restatement of Revenue and the restatement of costs, items 1 and 2 below were disclosed under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The restated for the finalisation of UAB Probanx Solutions acquisition accounting, item 3 below was accounted for under AASB 3 Business Combinations.

1. Restatement of Revenue

Previously the Group was recognising card acquiring revenue on transaction date. The 31 December 2019 period was restated to recognise revenue as at settlement date, generally on a transaction date plus seven days basis. This change recognised that under AASB 15 Revenue from Contracts with Customers, that the performance obligations under the contract, should be recognised as one performance obligation, with revenue recognised when the asset or settlement is transferred to the customer. This resulted in a \$1,385,630 decrease in revenue in the 31 December 2019 full year

comparatives. No restatement was required to the opening retained earnings as at 1 January 2019 (or the 31 December 2018 results) as card acquiring revenue was immaterial at that point in time.

2. Restatement of operating costs

Operating costs have been restated to recognise that under AASB 15 costs to fulfill a contract should be recognised as an asset and then amortised on a systematic basis that is consistent with the transfer of goods or services to which the asset relates. This change has resulted in the prior periods being restated to recognise operating costs, which largely consist of cash scheme charges, in line with revenue as at settlement date, generally on a transaction date plus seven days basis. Further, post 31 December 2019, management became aware of an error which resulted in overpayment in 2019 of card scheme charges. These two changes have resulted in a \$1,587,305 decrease in operating costs in the 31 December 2019 full year comparatives. No restatement was required to the opening retained earnings as at 1 January 2019 (or the 31 December 2018 results) due to this change.

3. Finalisation of UAB Probanx Solutions Accounting

In the year ended 31 December 2020, management finalised the acquisition accounting for UAB Probanx Solutions. The finalisation resulted in a reduction in Goodwill of \$757,067 and an increase in intangible assets of the same amount. Amortisation of this intangible asset has started on the date of acquisition, on a straight line basis over 5 years. This resulted in an increase in depreciation & amortisation expense of \$132,487 for the 12 months ended 31 December 2019.

Consolidated Statement of profit or loss and other comprehensive income - iSignthis Ltd AUD

	ISX Consolidated		
	31-Dec-2018 AUD	31-Dec-2019 * AUD	31-Dec-2020 AUD
Revenue	6,091,994	29,853,045	36,290,517
Other income	531,419	988,252	1,019,278
Expenses			
Corporate expenses	(1,559,022)	(4,362,446)	(6,860,651)
Advertising & marketing expense	(178,208)	(383,864)	(331,990)
Employee benefits expense	(4,225,408)	(6,606,094)	(7,463,980)
Research & development expenses	(333,964)	(1,087,220)	(713,865)
Depreciation & amortisation expense	(178,997)	(665,144)	(1,229,305)
Share of losses from investment in associate	-	-	(507,927)
IT expenses	(479,242)	(1,652,956)	(1,996,344)
Other expenses	(1,967,349)	(105,684)	(160,331)
Operating costs	(5,197,403)	(12,802,508)	(14,813,505)
Share based payments	(486,204)	(1,810,092)	(353,157)
Net realised foreign exchange gain/(loss)	(43,104)	901,436	69,354
Finance costs	(4,564)	(11,844)	(70,329)
Profit/(loss) before income tax expense	(8,030,052)	2,254,881	2,877,765
Income tax expense	(8,598)	(661,299)	(1,517,037)
Profit/(loss) after income tax expense for the year	(8,038,650)	1,593,582	1,360,728
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(50,484)	15,299	(440,243)
Other comprehensive (loss)/income for the half-year, net of tax	(50,484)	15,299	(440,243)
Total comprehensive income/(loss) for the year	(8,089,134)	1,608,881	920,485
Profit/(loss) after income tax expense for the year attributable to:			
Non-controlling interests	-	-	(552,800)
Owners of the parent	(8,038,650)	1,593,582	1,913,528
	(8,038,650)	1,593,582	1,360,728
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests	-	-	(552,800)
Owners of the parent	(8,089,134)	1,608,881	1,473,285
	(8,089,134)	1,608,881	920,485

* 31 December 2019 numbers have been restated - see 2020 Annual Report for details

Consolidated statement of financial position - iSignthis Ltd AUD

	ISX Consolidated		
	31-Dec-2018 * AUD	31-Dec-2019 * AUD	31-Dec-2020 AUD
Assets			
Current assets			
Cash and cash equivalents	8,433,874	17,703,578	16,611,465
Trade and other receivables	894,501	1,389,979	1,594,640
Funds held on behalf of merchants	4,352,048	96,178,224	98,027,440
Other assets	1,718,955	4,212,551	1,680,792
Total current assets	15,399,378	119,484,332	117,914,337
Non-current assets			
Plant and equipment	182,039	824,109	1,132,547
Right-of-use assets	-	2,243,766	1,713,318
Intangibles	1,531,113	2,912,080	5,148,746
Deferred tax assets	-	106,935	96,493
Investment in associate	-	-	5,512,073
Total non-current assets	1,713,152	6,086,890	13,603,177
Total assets	17,112,530	125,571,222	131,517,514
Liabilities			
Current liabilities			
Trade and other payables	904,934	4,756,351	5,488,797
Lease liability	-	516,943	512,956
Employee benefits	128,348	291,533	470,067
Funds held on behalf of merchants	4,352,048	96,178,224	98,027,440
Contract liabilities	-	1,385,630	165,638
Other liabilities	163,159	818,762	-
Total current liabilities	5,548,489	103,947,443	104,664,898
Non-current liabilities			
Lease liability	-	1,742,328	1,270,685
Deferred tax liabilities	90,947	90,947	81,385
Employee benefits	29,130	36,537	70,274
Convertible Note	-	-	-
Total non-current liabilities	120,077	1,869,812	1,422,344
Total liabilities	5,668,566	105,817,255	106,087,242
Net assets	11,443,964	19,753,967	25,430,272
Equity			
Issued capital	40,677,673	47,970,023	49,674,485
Reserves	1,024,087	311,248	1,357,216
Accumulated losses	(30,257,796)	(28,527,304)	(26,366,276)
Equity attributable to owners of the parent	11,443,964	19,753,967	24,665,425
Non-controlling interest	-	-	764,847
Total equity	11,443,964	19,753,967	25,430,272

* 31 December 2018 numbers have been restated - see 2019 Annual Report for details; and the 31 December 2019 numbers have been restated - see 2020 Annual Report for details

Consolidated statement of cash flows - iSignthis Ltd AUD

	ISX Consolidated		
	31-Dec-2018 AUD	31-Dec-2019 AUD	31-Dec-2020 AUD
Cash flows from operating activities			
Receipts from customers	6,325,612	31,258,395	35,153,036
Payments to suppliers and employees	(13,570,524)	(27,860,483)	(30,237,437)
Interest received	36,722	112,105	46,823
Income taxes paid	-	-	(1,347,296)
Government grants & tax incentives received	471,769	858,800	972,455
Net cash generated from/ (used in) operating activities	(6,736,421)	4,368,817	4,587,581
Cash from investing activities			
Payment for purchase of business, net of cash acquired	(490,973)	(118,840)	-
Payment for shares in Associate	-	-	(6,020,000)
Payments for plant and equipment	(110,000)	(757,780)	(533,784)
Payments for intangibles	-	-	(2,821,181)
Payments for deposits	(115,201)	-	-
Loans advanced to third parties	(1,013,000)	-	-
Loans repaid from third parties	693,000	332,000	-
Cash acquired on acquisition	94,840	14,520	-
Cash contribution from Joint Venture partner	-	-	3,200,000
Net cash (used in) investing activities	(941,334)	(530,100)	(6,174,965)
Cash flows from financing activities			
Proceed from issue of shares	10,000,000	-	-
Capital raising costs	(307,693)	-	-
Proceeds from exercise of options	-	4,634,540	361,122
Repayment of lease liabilities	-	(229,328)	(370,817)
Other (Merchant security received and card scheme membership security)	(1,190,888)	976,180	610,264
Net cash generated from/ (used in) financing activities	8,501,419	5,381,392	600,569
Net increase/(decrease) in cash and cash equivalents	823,664	9,220,109	(986,815)
Cash and cash equivalents at the beginning of the financial year	7,653,681	8,433,874	17,703,578
Effects of exchange rate changes on cash and cash equivalents	(43,471)	49,595	(105,298)
Cash and cash equivalents at the end of the financial year	8,433,874	17,703,578	16,611,465

Audit Opinions

For the year ended 31 December 2018 ISX received an unqualified audit opinion on its financial report from Grant Thornton Audit Pty Ltd.

For the year ended 31 December 2019 ISX received an unqualified audit opinion on its financial report from Grant Thornton Audit Pty Ltd. The audit opinion did include an emphasis of matter regarding regulatory matters. The emphasis of matter concerned regulatory matters outlined in Note 27 of the 31 December 2019 financial report which described certain events of which the outcomes and impacts were uncertain in relation to regulatory matters. The audit opinion was not modified in respect to these matters. The regulator matters referred to in Note 27 of the 31 December 2019 financial report were the ASX suspension and the ASIC investigation, a prelude to the ASIC civil penalty proceedings. Refer to Section 14.8 for more details.

For the year ended 31 December 2020 ISX received a qualified audit opinion on its financial report from BDO Audit Pty Ltd ("BDO"). The basis for qualified opinion, was due to BDO being appointed as auditors of ISX on 25 August 2020 and the 31 December 2019 financial report was audited by the previous auditor. BDO were unable to obtain access to the audit files of the previous auditor for review and were unable to satisfy themselves by alternative means concerning the opening balances for the 31 December 2020 financial report.

9.2 ISXFEU FY2020 Pro-forma financial statements

The FY 2020 Pro-forma statements of financial position has been created using ISX audited financial statements, with adjustments made for the ISXFEU proposed demerged entity. BDO Audit Pty Ltd, have completed a limited assurance review over the FY2020 historical pro-forma financials and have identified no issues. A consolidated pro-forma historical statement of financial position as of 31 December 2020 for ISXFEU is contained below.

The pro-forma historical financial information has been derived from the reviewed historical financial information of ISXFEU as of 31 December 2020, after adjusting for the effects of any subsequent events described in Note 1 to Note 6, at the bottom of the tables. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro-forma adjustments relate, as if those events or transactions had occurred as at the date of the historical financial information. These results were then translated from Australian dollars to Euros. Management did not make any adjustment to normalise costs for the demerged entity, as any additional costs expected to be immaterial to ISXFEU. Due to its nature, the pro-forma historical financial information does not represent ISXFEU's actual or prospective financial position. For ease of comparison the financial information has been presented in both Australian dollars and Euro.

ISX Shareholders should read the Investigating Accountant's Report in full at Section 10.

Consolidated Statement of profit or loss and other comprehensive income - AUD

	iSignthis Ltd Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results	Consolidation Adjustments	ISXFEU Consolidated Pro-forma 31-Dec-2020
	AUD	AUD - Note 1	AUD - Note 6	AUD
Revenue	36,290,517	-	-	36,290,517
Other income	1,019,278	(13,445,594)	13,277,412	851,096
Expenses				
Corporate expenses	(6,860,651)	3,025,874	(8,466)	(3,843,243)
Advertising & marketing	(331,990)	71,921	-	(260,069)
Employee benefits expense	(7,463,980)	932,122	(4,144)	(6,536,002)
Research & development expenses	(713,865)	-	-	(713,865)
Depreciation & amortisation expense	(1,229,305)	-	2,938	(1,226,367)
Share of losses from investment in associate	(507,927)	-	-	(507,927)
IT expenses	(1,996,344)	67,418	-	(1,928,926)
Other expenses	(160,331)	(38,203)	-	(198,534)
Operating costs	(14,813,505)	-	-	(14,813,505)
Share based payments	(353,157)	353,157	-	-
Finance Cost	(70,329)	-	(189)	(70,518)
Net realised/unrealised foreign exchange gain	69,354	249,850	-	319,204
Total expenses	(34,432,030)	4,662,139	(9,861)	(29,779,752)
Profit/(Loss) before income tax benefit	2,877,765	(8,783,455)	13,267,551	7,361,861
Income tax expense	(1,517,037)	-	-	(1,517,037)
Profit/(Loss) after income tax expense	1,360,728	(8,783,455)	13,267,551	5,844,824
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(440,243)	-	-	(440,243)
Other comprehensive income for the year, net of tax	(440,243)			(440,243)
Total comprehensive income for the year	920,485	(8,783,455)	13,267,551	5,404,581
Profit/(Loss) after income tax expense attributable to				
Non-controlling interest	(552,800)	-	-	(552,800)
Owners of the parent	1,913,528	(8,783,455)	13,267,551	6,397,624
	1,360,728	(8,783,455)	13,267,551	5,844,824
Total comprehensive income/(loss) for the year is attributable to				
Non-controlling interest	(552,800)	-	-	(552,800)
Owners of the parent	1,473,285	(8,783,455)	13,267,551	5,957,381
	920,485	(8,783,455)	13,267,551	5,404,581

Consolidated Statement of financial position – AUD

	iSignthis Ltd Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results	ISXFEU Inter- company Repayment	Additional Investments in ISXFEU	Authenticate Loans	Convertible Note	Consolidation Adjustments	ISXFEU Consolidated Proforma 31-Dec-2020
	AUD	AUD - Note 1	AUD - Note 2	AUD - Note 3	AUD - Note 4	AUD - Note 5	AUD - Note 6	AUD
Assets								
Current assets								
Cash and cash equivalent	16,611,465	(3,054,028)	(5,786,807)	-	-	-	-	7,770,630
Trade and other receivables	1,594,640	(55,344)	-	-	-	-	55,075	1,594,371
Funds held on behalf of merchants	98,027,440	-	-	-	-	-	-	98,027,440
Other assets	1,680,792	(663,205)	-	-	-	-	-	1,017,587
Total current assets	117,914,337	(3,772,577)	(5,786,807)	-	-	-	55,075	108,410,028
Non-current assets								
Plant and equipment	1,132,547	-	-	-	-	-	-	1,132,547
Right-of-use assets	1,713,318	-	-	-	-	-	2,939	1,716,257
Intangibles	5,148,746	-	-	-	-	-	(4,144)	5,144,602
Deferred tax assets	96,493	-	-	-	-	-	-	96,493
Investment in subsidiary	-	(6,488,813)	-	890,806	-	-	5,598,007	-
Investment in associate	5,512,073	(6,020,000)	-	7,020,000	-	-	-	6,512,073
Total non-current assets	13,603,177	(12,508,813)	-	7,910,806	-	-	5,596,802	14,601,972
Total asset	131,517,514	(16,281,390)	(5,786,807)	7,910,806	-	-	5,651,877	123,012,000
Liabilities								
Current liabilities								
Trade and other payables	5,488,797	(528,457)	-	-	-	-	55,075	5,015,415
Inter-company payables	-	27,097,709	(5,786,807)	-	(14,710,902)	(6,600,000)	-	-
Lease liability	512,956	-	-	-	-	-	-	512,956
Employee benefits	470,067	(3,792)	-	-	-	-	-	466,275
Funds held on behalf of merchants	98,027,440	-	-	-	-	-	-	98,027,440
Contract liabilities	165,638	-	-	-	-	-	-	165,638
Total current liabilities	104,664,898	26,565,460	(5,786,807)	-	(14,710,902)	(6,600,000)	55,075	104,187,724
Non-current liabilities								
Lease liability	1,270,685	-	-	-	-	-	189	1,270,874
Deferred tax liabilities	81,385	-	-	-	-	-	-	81,385
Employee benefits	70,274	-	-	-	-	-	-	70,274
Convertible note payables	-	-	-	-	-	6,600,000	-	6,600,000
Total non-current liabilities	1,422,344	-	-	-	-	6,600,000	189	8,022,533
Total liabilities	106,087,242	26,565,460	(5,786,807)	-	(14,710,902)	-	55,264	112,210,257
Net Assets	25,430,272	(42,846,850)	-	7,910,806	14,710,902	-	5,596,613	10,801,743
Equity								
Issued capital	49,674,485	(134,980,227)	-	7,910,806	14,710,902	-	91,527,792	28,843,758
Reserves	1,357,216	(150,747)	-	-	-	-	147,771	1,354,240
Accumulated losses	(26,366,276)	92,284,124	-	-	-	-	(86,078,950)	(20,161,102)
Equity attributable to owners of the parent	24,665,425	(42,846,850)	-	7,910,806	14,710,902	-	5,596,613	10,036,896
Non-controlling interest	764,847	-	-	-	-	-	-	764,847
Total equity	25,430,272	(42,846,850)	-	7,910,806	14,710,902	-	5,596,613	10,801,743

Consolidated Statement of cash flows - AUD

	Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results 31-Dec-2020	ISXFEU Intercompany Repayment 31-Dec-2020	ISXF EU Consolidated 31-Dec-2020
	AUD	AUD - Note 1	AUD - Note 2	AUD
Cash flows from operating activities				
Receipts from customers	35,153,036	-	-	35,153,036
Payments to suppliers and employees	(30,237,437)	4,016,678	-	(26,220,759)
Interest received	46,823	(12,581)	-	34,242
Government grants & tax incentives received	(1,347,296)	-	-	(1,347,296)
Income tax paid	972,455	(155,600)	-	816,855
Net cash generated from/(used in) operating activities	4,587,581	3,848,497	-	8,436,078
Cash from investing activities				
Payment for shares in associate	(6,020,000)	6,020,000	-	-
Payments for plant and equipment	(533,784)	-	-	(533,784)
Payments for intangibles	(2,821,181)	-	-	(2,821,181)
Dividend payment	-	(3,219,661)	-	(3,219,661)
Cash contribution from investment partner	3,200,000	-	-	3,200,000
Net cash (used in) investing activities	(6,174,965)	2,800,339	-	(3,374,626)
Cash flows from financing activities				
Proceeds from exercise of options	361,122	(361,122)	-	-
Loan repayment to iSignthis Ltd	-	(3,986,768)	(5,786,807)	(9,773,575)
Repayment of lease liabilities	(370,817)	-	-	(370,817)
Other (Merchant security and card scheme security received)	610,264	(357,753)	-	252,511
Net cash (used in)/generated from investing activities	600,569	(4,705,643)	(5,786,807)	(9,891,881)
Net decreased in cash and cash equivalents	(986,815)	1,943,193	(5,786,807)	(4,830,429)
Cash and cash equivalents at the beginning of the financial year	17,703,578	(4,997,221)	-	12,706,357
Effects of exchange rate changes on cash and cash equivalents	(105,298)	-	-	(105,298)
Cash and cash equivalents at the end of the financial year	16,611,465	(3,054,028)	(5,786,807)	7,770,630

The financial information below is now represented in Euros, ISX and ISXFEU's reporting currency.

Consolidated Statement of profit or loss and other comprehensive income - EURO

	iSignthis Ltd Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results	Consolidation Adjustments	ISXFEU Consolidated Pro-forma 31-Dec-2020
	EUR	EUR - Note 1	EUR - Note 6	EUR
Revenue	21,821,488	-	-	21,821,488
Other income	612,892	(8,084,835)	7,983,708	511,765
Expenses				
Corporate expenses	(4,125,309)	1,819,458	(5,091)	(2,310,942)
Advertising & marketing	(199,626)	43,246	-	(156,380)
Employee benefits expense	(4,488,091)	560,485	(2,492)	(3,930,098)
Research & development expenses	(429,247)	-	-	(429,247)
Depreciation & amortisation expense	(739,181)	-	1,767	(737,414)
Share of losses from investment in associate	(305,417)	-	-	(305,417)
IT expenses	(1,200,401)	40,538	-	(1,159,863)
Other expenses	(96,407)	(22,971)	-	(119,378)
Operating costs	(8,907,361)	-	-	(8,907,361)
Share based payments	(212,353)	212,353	-	-
Finance Cost	(42,289)	-	(113)	(42,402)
Net realised/unrealised foreign exchange gain	41,702	150,235	-	191,937
Total expenses	(20,703,980)	2,803,344	(5,929)	(17,906,565)
Profit/(Loss) before income tax benefit	1,730,400	(5,281,491)	7,977,779	4,426,688
Income tax expense	(912,194)	-	-	(912,194)
Profit/(Loss) after income tax expense	818,206	(5,281,491)	7,977,779	3,514,494
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	502,264	-	-	502,264
Other comprehensive income for the year, net of tax	502,264	-	-	502,264
Total comprehensive income for the year	1,320,470	(5,281,491)	7,977,779	4,016,758
Profit/(Loss) after income tax expense attributable to				
Non-controlling interest	(332,398)	-	-	(332,398)
Owners of the parent	1,150,604	(5,281,491)	7,977,779	3,846,892
	818,206	(5,281,491)	7,977,779	3,514,494
Total comprehensive income/(loss) for the year is attributable to				
Non-controlling interest	(332,398)	-	-	(332,398)
Owners of the parent	1,652,868	(5,281,491)	7,977,779	4,349,156
	1,320,470	(5,281,491)	7,977,779	4,016,758

Consolidated Statement of financial position – EURO

	iSignthis Ltd Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results	ISXFEU Inter- company Repayment	Additional Investments in ISXFEU	Authenticate Loans	Convertible Note	Consolidation Adjustments	ISXFEU Consolidated Proforma 31-Dec-2020
	EUR	EUR - Note 1	EUR - Note 2	EUR - Note 3	EUR - Note 4	EUR - Note 5	EUR - Note 6	EUR
Assets								
Current assets								
Cash and cash equivalent	10,475,190	(1,925,870)	(3,649,160)	-	-	-	-	4,900,160
Trade and other receivables	1,005,580	(34,900)	-	-	-	-	34,730	1,005,410
Funds held on behalf of merchants	61,816,104	-	-	-	-	-	-	61,816,104
Other assets	1,059,907	(418,216)	-	-	-	-	-	641,691
Total current assets	74,356,781	(2,378,986)	(3,649,160)	-	-	-	34,730	68,363,365
Non-current assets								
Plant and equipment	714,184	-	-	-	-	-	-	714,184
Right-of-use assets	1,080,419	-	-	-	-	-	1,853	1,082,272
Intangibles	3,246,799	-	-	-	-	-	(2,613)	3,244,186
Deferred tax assets	66,879	-	-	-	-	-	-	66,879
Investment in subsidiary	-	(4,091,846)	-	561,742	-	-	3,530,104	-
Investment in associate	3,475,913	(3,796,212)	-	4,426,812	-	-	-	4,106,513
Total non-current assets	8,584,194	(7,888,058)	-	4,988,554	-	-	3,529,344	9,214,034
Total asset	82,940,975	(10,267,044)	(3,649,160)	4,988,554	-	-	3,564,074	77,577,399
Liabilities								
Current liabilities								
Trade and other payables	3,461,236	(333,245)	-	-	-	-	34,730	3,162,721
Inter-company payables	-	17,087,815	(3,649,160)	-	(9,276,695)	(4,161,960)	-	-
Lease liability	323,470	-	-	-	-	-	-	323,470
Employee benefits	296,424	(2,391)	-	-	-	-	-	294,033
Funds held on behalf of merchants	61,816,104	-	-	-	-	-	-	61,816,104
Contract liabilities	104,452	-	-	-	-	-	-	104,452
Total current liabilities	66,001,686	16,752,179	(3,649,160)	-	(9,276,695)	(4,161,960)	34,730	65,700,780
Non-current liabilities								
Lease liability	801,294	-	-	-	-	-	118	801,412
Deferred tax liabilities	57,352	-	-	-	-	-	-	57,352
Employee benefits	44,315	-	-	-	-	-	-	44,315
Convertible note payables	-	-	-	-	-	4,161,960	-	4,161,960
Total non-current liabilities	902,961	-	-	-	-	4,161,960	118	5,065,039
Total liabilities	66,904,647	16,752,179	(3,649,160)	-	(9,276,695)	-	34,848	70,765,819
Net Assets	16,036,328	(27,019,223)	-	4,988,554	9,276,695	-	3,529,226	6,811,580
Equity								
Issued capital	31,324,730	(85,118,531)	-	4,988,554	9,276,695	-	57,717,426	18,188,874
Reserves	953,404	(257,014)	-	-	-	-	263,786	960,176
Accumulated losses	(16,682,641)	58,356,322	-	-	-	-	(54,451,986)	(12,778,305)
Equity attributable to owners of the parent	15,595,493	(27,019,223)	-	4,988,554	9,276,695	-	3,529,226	6,370,745
Non-controlling interest	440,835	-	-	-	-	-	-	440,835
Total equity	16,036,328	(27,019,223)	-	4,988,554	9,276,695	-	3,529,226	6,811,580

Consolidated Statement of cash flows - EURO

	Consolidated 31-Dec-2020	Remove ISX & ISX Financial Pty Ltd Results 31-Dec-2020	ISXFEU Intercompany Repayment 31-Dec-2020	ISXFEU Consolidated 31-Dec-2020
	EUR	EUR - Note 1	EUR - Note 2	EUR
Cash flows from operating activities				
Receipts from customers	21,137,521	-	-	21,137,521
Payments to suppliers and employees	(18,181,771)	2,415,228	-	(15,766,543)
Interest received	28,155	(7,565)	-	20,590
Government grants & tax incentives received	584,737	(93,562)	-	491,175
Income tax paid	(810,129)	-	-	(810,129)
Net cash generated from/(used in) operating activities	2,758,513	2,314,101	-	5,072,614
Cash from investing activities				
Payment for shares in associate	(3,574,473)	3,574,473	-	-
Payments for plant and equipment	(320,964)	-	-	(320,964)
Payments for intangibles	(1,696,376)	-	-	(1,696,376)
Dividend payment	-	(2,000,000)	-	(2,000,000)
Cash contribution from investment partner	1,877,854	-	-	1,877,854
Net cash (used in) investing activities	(3,713,959)	1,574,473	-	(2,139,486)
Cash flows from financing activities				
Proceeds from exercise of options	227,723	(227,723)	-	-
Loan repayment to iSignthis Ltd	-	(2,397,243)	(3,479,607)	(5,876,850)
Repayment of lease liabilities	(222,972)	-	-	(222,972)
Other (Merchant security and card scheme security received)	366,952	(215,117)	-	151,835
Net cash (used in)/generated from investing activities	371,703	(2,840,083)	(3,479,607)	(5,947,987)
Net decreased in cash and cash equivalents	(583,743)	1,048,491	(3,479,607)	(3,014,859)
Cash and cash equivalents at the beginning of the financial year	11,071,818	(3,125,262)	-	7,946,556
Effects of exchange rate changes on cash and cash equivalents	(12,882)	150,901	(169,556)	(31,537)
Cash and cash equivalents at the end of the financial year	10,475,193	(1,925,870)	(3,649,163)	4,900,160

Notes to the 31 December 2020 Financial Statements

Note 1 – Removal of ISX and ISX Financial Pty Ltd Results

The results of ISX and ISX Financial Pty Ltd have been removed, as they do not form part of the proposed demerged entity.

Note 2 – ISXFEU Intercompany Repayment

ISXFEU has repaid €3.6 million (AUD\$5.8 million) in intercompany loans back to iSignthis Ltd between 31 December 2020 and the date of the prospectus.

Note 3 – Additional Investment in ISXFEU

An additional €5.0 million (AUD\$7.9million) investment into ISXFEU has been made, to reflect the transfer of the investments of €4.4 million (AUD\$7.02 million) for the investment in NSX Limited and a €0.6 million (AUD\$0.9 million) investment in Probanx Holdings Ltd. The transfer of Probanx Holdings Ltd occurred in May 2021. The transfer of the investment in NSX Limited occurred in July 2021, with a further investment made in August 2021.

Note 4 – Authenticate Loans

In June 2021 iSignthis Limited, impaired two intercompany loans owed by Authenticate Pty Ltd and Authenticate B.V. for €9.3 million (AUD\$14.7 million) to iSignthis Ltd. Subsequently iSignthis Ltd signed a deed of release in August 2021, forgiving Authenticate Pty Ltd and Authenticate B.V. for these loans. This debt forgiveness from a parent entity, in this case ISX, is a capital contribution under Australian accounting standards and has been recorded as such, within the financial statements of Authenticate Pty Ltd and Authenticate B.V.. These loans were operating loans that had been extended by ISX to Authenticate Pty Ltd and Authenticate B.V. between 2014 and 2020, to cover the operating costs of the entities.

Note 5 – Convertible Note

The remaining intercompany loan payable by ISXFEU to ISX of €4.2 million (AUD\$6.6 million) at 31 December 2020, has changed to a convertible note. The convertible note has been formally signed by the board of ISX and ISXFEU on 30 August 2021. The key details and terms of the convertible note are in Section 13.3. The convertible note has been recorded as a financial liability according to the recognition and measurement criteria in AASB 9 Financial Instruments and AASB 132 Financial Instruments: Presentation. The fair value of the Convertible Note is assumed to equal the carrying amount of the remaining intercompany loans payable immediately before ISXFEU became a party to the terms of the note. Embedded derivative features are assumed to have zero value.

Note 6 – Consolidation Adjustments

The consolidation adjustments for reflect three main adjustments:

- (1) the elimination of investment in subsidiaries in ISXFEU on demerger of €3.5 million (AUD\$5.6 million), included within Statement of Financial Position in 'Investment in Subsidiary' in Current Assets and 'Issued Capital' in Equity.
- (2) the reversal of the elimination of dividends declared by ISXFEU to ISX of €8 million (AUD \$13.3 million), included within the Consolidated Statement of Profit or Loss and other comprehensive income in 'Other income'; and
- (3) the reversal of consolidation adjustments related to the reverse acquisition of OTIS Energy Ltd in 2014, which are not carried over as an adjustment to ISXFEU, as they only relate to ISX of circa €54 million (AUD\$86 million), included within the Statement of Financial Position in 'Issued capital' and 'Accumulated losses' within Equity.

9.3 ISXFEU Historical Pro-forma financial statements

Consistent with the approach taken with the FY 2020 Pro-forma statements of financial position, detailed in Section 9.2, the historical financials for ISXFEU for the year ended 31 December 2018 and 31 December 2019 have also been created using ISX audited financial statements, with adjustments made for the ISXFEU proposed demerged entity. No assurance review has been completed over the FY2018 or FY2019 financial statements. BDO Audit Pty Ltd, have completed a limited assurance review over the FY2020 historical pro-forma financials and have identified no issues.

The pro-forma historical financial information for FY2018, FY2019 and FY2020 has been derived from the historical financial information of ISXFEU as at 31 December 2018, 31 December 2019, and 31 December 2020, after adjusting for the effects of any subsequent events described in Note 1 to Note 6 in Section 9.2. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro-forma adjustments relate, as if those events or transactions had occurred as at the date of the historical financial information. These results were then translated from Australian dollars to Euros. Management did not make any adjustment to normalise costs for the demerged entity, as any additional costs expected to be immaterial to ISXFEU. Due to its nature, the pro-forma historical financial information does not represent ISXFEU's actual or prospective financial position. For ease of comparison the financial information has been presented in both Australian dollars and Euro.

Consolidated Statement of profit or loss and other comprehensive income – ISXFEU Proforma AUD			
	iSignthis Ltd Consolidated		
	31-Dec-2018 AUD	31-Dec-2019 AUD	31-Dec-2020 AUD
Revenue	6,091,994	29,969,319	36,290,517
Other income	509,347	945,940	851,096
Expenses			
Corporate expenses	(985,115)	(3,759,020)	(3,843,243)
Advertising & marketing expense	(140,169)	(268,191)	(260,069)
Employee benefits expense	(4,017,436)	(6,044,303)	(6,536,002)
Research & development expenses	(333,964)	(1,087,220)	(713,865)
Depreciation & amortisation expense	(178,997)	(665,143)	(1,226,367)
Share of losses from investment in associate	-	-	(507,927)
IT expenses	-	(1,597,210)	(1,928,926)
Other expenses	(1,833,823)	(111,600)	(198,534)
Operating costs	(5,612,355)	(12,802,337)	(14,813,505)
Share based payments	-	-	-
Net realised foreign exchange gain/(loss)	(46,145)	(11,844)	(70,518)
Finance costs	(4,564)	1,060,475	319,204
Profit/(loss) before income tax expense	(6,551,227)	5,628,866	7,361,861
Income tax expense	(8,598)	(661,299)	(1,517,037)
Profit/(loss) after income tax expense for the year	(6,559,825)	4,967,567	5,844,824
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(50,484)	15,299	(440,243)
Other comprehensive (loss)/income for the half-year, net of tax	(50,484)	15,299	(440,243)
Total comprehensive income/(loss) for the year	(6,610,309)	4,982,866	5,404,581
Profit/(loss) after income tax expense for the year attributable to:			
Non-controlling interests	-	-	(552,800)
Owners of the parent	(6,559,825)	4,967,567	6,397,624
	(6,559,825)	4,967,567	5,844,824
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests	-	-	(552,800)
Owners of the parent	(6,610,309)	4,982,866	5,957,381
	(6,610,309)	4,982,866	5,404,581

Consolidated statement of financial position - ISXFEU Pro-forma AUD

	iSignthis Ltd Consolidated		
	31-Dec-2018 AUD	31-Dec-2019 AUD	31-Dec-2020 AUD
Assets			
Current assets			
Cash and cash equivalents	659,786	12,706,357	7,770,630
Trade and other receivables	519,184	2,067,686	1,594,371
Funds held on behalf of merchants	8,945,723	96,178,224	98,027,440
Other assets	1,117,616	2,395,441	1,017,587
Total current assets	11,242,309	113,347,708	108,410,028
Non-current assets			
Plant and equipment	182,039	824,109	1,132,547
Right-of-use assets	-	2,243,766	1,716,257
Intangibles	1,531,113	2,912,080	5,144,602
Deferred tax assets	-	106,056	96,493
Investment in associate	-	-	6,512,073
Total non-current assets	1,713,152	6,086,011	14,601,972
Total assets	12,955,461	119,433,719	123,012,000
Liabilities			
Current liabilities			
Trade and other payables	803,236	4,516,798	5,015,415
Lease liability	-	516,945	512,956
Employee benefits	128,348	271,602	466,275
Funds held on behalf of merchants	8,945,723	96,178,223	98,027,440
Contract liabilities	-	1,385,630	165,638
Other liabilities	-	818,762	-
Total current liabilities	9,877,307	103,687,960	104,187,724
Non-current liabilities			
Lease liability	-	1,742,327	1,270,874
Deferred tax liabilities	90,947	90,068	81,385
Employee benefits	29,130	36,537	70,274
Convertible Note	2,906,167	4,743,380	6,600,000
Total non-current liabilities	3,026,244	6,612,312	8,022,533
Total liabilities	12,903,551	110,300,272	112,210,257
Net assets	51,910	9,133,447	10,801,743
Equity			
Issued capital	18,777,625	22,516,679	28,843,758
Reserves	(639,347)	(101,194)	1,354,240
Accumulated losses	(18,086,368)	(13,282,038)	(20,161,102)
Equity attributable to owners of the parent	51,910	9,133,447	10,036,896
Non-controlling interest	-	-	764,847
Total equity	51,910	9,133,447	10,801,743

Consolidated statement of cash flows - ISXFEU Pro-forma AUD

	iSignthis Ltd Consolidated		
	31-Dec-2018 AUD	31-Dec-2019 AUD	31-Dec-2020 AUD
Cash flows from operating activities			
Receipts from customers	6,325,613	31,195,392	35,153,036
Payments to suppliers and employees	(12,069,627)	(25,937,397)	(26,220,759)
Interest received	14,650	91,180	34,242
Income taxes paid	-	-	(1,347,296)
Government grants & tax incentives received	471,769	858,800	816,855
Net cash generated from/(used in) operating activities	(5,257,595)	6,207,975	8,436,078
Cash from investing activities			
Payment for purchase of business, net of cash acquired	-	(118,840)	-
Payment for shares in Associate	-	-	-
Payments for plant and equipment	(110,000)	(757,780)	(533,784)
Payments for intangibles	-	-	(2,821,181)
Payments for deposits	(115,201)	-	-
Loans advanced to third parties	-	-	-
Dividend Payment	-	-	(3,219,661)
Cash acquired on acquisition	94,840	14,520	-
Cash contribution from Joint Venture partner	-	-	3,200,000
Net cash (used in) investing activities	(130,361)	(862,100)	(3,374,626)
Cash flows from financing activities			
Proceed from issue of shares	-	-	-
Loans advanced from / (repaid to) iSignthis Ltd	3,109,338	5,704,134	(9,773,575)
Capital raising costs	-	-	-
Proceeds from exercise of options	-	-	-
Repayment of lease liabilities	-	(229,328)	(370,817)
Other (Merchant security received and card scheme membership security)	(1,190,888)	1,458,673	252,511
Net cash generated from/(used in) financing activities	1,918,450	6,933,479	(9,891,881)
Net increase/(decrease) in cash and cash equivalents	(3,469,506)	12,279,354	(4,830,429)
Cash and cash equivalents at the beginning of the financial year	4,172,764	659,786	12,706,357
Effects of exchange rate changes on cash and cash equivalents	(43,472)	(232,783)	(105,298)
Cash and cash equivalents at the end of the financial year	659,786	12,706,357	7,770,630

Consolidated Statement of profit or loss and other comprehensive income – ISXFEU Pro-forma EUR

	iSignthis Ltd Consolidated		
	31-Dec-2018 EUR	31-Dec-2019 EUR	31-Dec-2020 EUR
Revenue	3,856,841	18,604,953	21,821,488
Other income	322,468	587,239	511,765
Expenses			
Corporate expenses	(623,676)	(2,333,599)	(2,310,942)
Advertising & marketing expense	(88,741)	(166,493)	(156,380)
Employee benefits expense	(2,543,439)	(3,752,303)	(3,930,098)
Research & development expenses	(211,433)	(674,946)	(429,247)
Depreciation & amortisation expense	(113,323)	(412,921)	(737,414)
Share of losses from investment in associate	-	-	(305,417)
IT expenses	-	(991,548)	(1,159,863)
Other expenses	(1,160,993)	(69,281)	(119,378)
Operating costs	(3,553,182)	(7,947,691)	(8,907,361)
Share based payments	-	-	-
Net realised foreign exchange gain/(loss)	(29,214)	(7,353)	(42,402)
Finance costs	(2,889)	658,343	191,937
Profit/(loss) before income tax expense	(4,147,581)	3,494,400	4,426,688
Income tax expense	(5,443)	(410,534)	(912,194)
Profit/(loss) after income tax expense for the year	(4,153,024)	3,083,866	3,514,494
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(31,961)	9,498	502,264
Other comprehensive (loss)/income for the half-year, net of tax	(31,961)	9,498	502,264
Total comprehensive income/(loss) for the year	(4,184,985)	3,093,364	4,016,758
Profit/(loss) after income tax expense for the year attributable to:			
Non-controlling interests	-	-	(332,398)
Owners of the parent	(4,153,024)	3,083,866	3,846,892
	(4,153,024)	3,083,866	3,514,494
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests	-	-	(332,398)
Owners of the parent	(4,184,985)	3,093,364	4,349,156
	(4,184,985)	3,093,364	4,016,758

Consolidated statement of financial position - ISXFEU Pro-forma EUR

	iSignthis Ltd Consolidated		
	31-Dec-2018 EUR	31-Dec-2019 EUR	31-Dec-2020 EUR
Assets			
Current assets			
Cash and cash equivalents	407,616	7,946,556	4,900,160
Trade and other receivables	320,751	1,293,131	1,005,410
Funds held on behalf of merchants	5,526,668	60,149,861	61,816,104
Other assets	690,463	1,498,109	641,691
Total current assets	6,945,498	70,887,657	68,363,365
Non-current assets			
Plant and equipment	112,464	515,398	714,184
Right-of-use assets	-	1,403,251	1,082,272
Intangibles	945,921	1,821,215	3,244,186
Deferred tax assets	-	66,327	66,879
Investment in associate	-	-	4,106,513
Total non-current assets	1,058,385	3,806,191	9,214,034
Total assets	8,003,883	74,693,848	77,577,399
Liabilities			
Current liabilities			
Trade and other payables	496,239	2,824,806	3,162,721
Lease liability	-	323,298	323,470
Employee benefits	79,293	169,860	294,033
Funds held on behalf of merchants	5,526,668	60,149,861	61,816,104
Contract liabilities	-	866,573	104,452
Other liabilities	(1)	512,053	-
Total current liabilities	6,102,199	64,846,451	65,700,780
Non-current liabilities			
Lease liability	-	1,089,651	801,412
Deferred tax liabilities	56,187	56,329	57,352
Employee benefits	17,997	22,850	44,315
Convertible Note	1,795,430	2,966,510	4,161,960
Total non-current liabilities	1,869,614	4,135,340	5,065,039
Total liabilities	7,971,813	68,981,791	70,765,819
Net assets	32,070	5,712,057	6,811,580
Equity			
Issued capital	11,600,817	14,081,931	18,188,874
Reserves	(394,989)	(63,287)	960,176
Accumulated losses	(11,173,758)	(8,306,587)	(12,778,305)
Equity attributable to owners of the parent	32,070	5,712,057	6,370,745
Non-controlling interest	-	-	440,835
Total equity	32,070	5,712,057	6,811,580

Consolidated statement of cash flows - ISXFEU Pro-forma EUR

	iSignthis Ltd Consolidated		
	31-Dec-2018 EUR	31-Dec-2019 EUR	31-Dec-2020 EUR
Cash flows from operating activities			
Receipts from customers	4,004,892	18,757,789	21,137,521
Payments to suppliers and employees	(7,641,560)	(15,596,157)	(15,766,543)
Interest received	9,275	54,826	20,590
Income taxes paid	-	-	491,175
Government grants & tax incentives received	298,688	516,396	(810,129)
Net cash generated from/(used in) operating activities	(3,328,705)	3,732,854	5,072,614
Cash from investing activities			
Payment for purchase of business, net of cash acquired	-	(71,458)	-
Payment for shares in Associate	-	-	-
Payments for plant and equipment	(69,644)	(455,654)	(320,964)
Payments for intangibles	-	-	(1,696,376)
Payments for deposits	(72,936)	-	-
Loans advanced to third parties	-	-	-
Loans repaid from third parties	-	-	(2,000,000)
Cash acquired on acquisition	60,045	8,731	-
Cash contribution from Joint Venture partner	-	-	1,877,854
Net cash (used in) investing activities	(82,535)	(518,381)	(2,139,486)
Cash flows from financing activities			
Proceed from issue of shares	-	-	-
Loans advanced from / (repaid to) iSignthis Ltd	1,968,594	3,429,896	(5,876,850)
Capital raising costs	-	-	-
Proceeds from exercise of options	-	-	-
Repayment of lease liabilities	-	(137,895)	(222,972)
Other (Merchant security received and card scheme membership security)	(753,979)	586,978	151,835
Net cash generated from/(used in) financing activities	1,214,615	3,878,979	(5,947,987)
Net increase/(decrease) in cash and cash equivalents	(2,196,625)	7,093,452	(3,014,859)
Cash and cash equivalents at the beginning of the financial year	2,724,815	407,616	7,946,556
Effects of exchange rate changes on cash and cash equivalents	(120,574)	445,488	(31,537)
Cash and cash equivalents at the end of the financial year	407,616	7,946,556	4,900,160

9.4 ISX Post Demerger FY2020 Pro-forma financial statements

The FY 2020 ISX Post Demerger Pro-forma financial statements have been created using ISX audited financial statements, with adjustments made for the ISXFEU proposed demerger. No assurance review has been completed over these financial statements.

The pro-forma historical financial information has been derived from the reviewed historical financial information of ISXF as at 31 December 2020, after adjusting for the effects of any subsequent events described in Note 1 to Note 6 in Section 9.2. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro-forma adjustments relate, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical financial information does not represent ISX's actual or prospective financial position.

Included within other income is AUD'\$13.2 million in dividend income received from ISXFEU, which will not repeat post Demerger. Included in impairment of intercompany loans is AUD'\$14.7 million impairment in intercompany loans detailed in Note 4 in Section 9.2, which will not repeat post Demerger. Excluding these two items the FY2020 ISX Pro-forma loss after income tax for the year would fall from AUD'\$5.9 million to AUD'\$4.5 million.

Consolidated Statement of profit or loss and other comprehensive income - ISX Post Demerger Pro-forma Consolidated AUD	
	31-Dec-2020 AUD\$
Revenue	
Other income	13,445,594
Corporate expenses	(3,025,874)
Advertising & marketing expense	(71,921)
Employee benefits expense	(932,122)
Impairment of Intercompany Loans	(14,710,902)
IT expenses	(67,418)
Other expenses	38,203
Share based payments	(353,157)
Net realised foreign exchange gain/(loss)	(249,850)
(Loss) before income tax expense	(5,927,447)
Income tax expense	-
(Loss) after income tax expense for the year	(5,927,447)
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss	
Foreign currency translation	-
Other comprehensive (loss)/income for the half-year, net of tax	-
Total comprehensive income/(loss) for the year	(5,927,447)
(Loss) after income tax expense for the year attributable to:	
Non-controlling interests	-
Owners of the parent	(5,927,447)
	(5,927,447)
Total comprehensive (Loss) for the year attributable to:	
Non-controlling interests	-
Owners of the parent	(5,927,447)
	(5,927,447)

Consolidated statement of financial position - ISX Post Demerger Pro-forma Consolidated AUD

31-Dec-2020 |
AUD\$

Assets	
Current assets	
Cash and cash equivalents	7,840,835
Trade and other receivables	56,737
Other assets	663,205
Total current assets	8,560,777
Non-current assets	
Investment in associate	6,600,000
Total non-current assets	6,600,000
Total assets	15,160,777
Liabilities	
Current liabilities	
Trade and other payables	528,457
Employee benefits	3,792
Total current liabilities	532,249
Total liabilities	532,249
Net assets	14,628,528
Equity	
Issued capital	47,572,879
Reserves	17,307
Accumulated losses	(32,961,658)
Total equity	14,628,528

Consolidated statement of cash flows – ISX Post Demerger Pro-forma Consolidated AUD

31-Dec-2020 |
AUD\$

Cash flows from operating activities	
Payments to suppliers and employees	(4,016,678)
Interest received	12,581
Government grants & tax incentives received	155,600
Net cash generated from/(used in) operating activities	(3,848,497)
Cash from investing activities	
Payment for shares in Associate	(7,020,000)
Dividend received from ISXFEU	3,219,661
Net cash (used in) investing activities	(3,800,339)
Cash flows from financing activities	
Proceeds from exercise of options	361,122
Loan repayment from subsidiaries	9,773,575
Other (Merchant security received and card scheme membership security)	357,753
Net cash generated from/(used in) financing activities	10,492,450
Net increase/(decrease) in cash and cash equivalents	2,843,614
Cash and cash equivalents at the beginning of the financial year	4,997,221
Cash and cash equivalents at the end of the financial year	7,840,835

10. Investigating Accountant's Report



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Level 11, 1 Margaret St
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Australia

The Directors
iSignthis Limited
456 Victoria Parade
East Melbourne VIC 3002

7 September 2021

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

INTRODUCTION

BDO Audit Pty Ltd (**BDO**) has been engaged by iSignthis Limited (iSignthis or the **Company**) to prepare this Independent Limited Assurance Report (**Report**) for inclusion in a prospectus proposed to be issued, in relation to the proposed demerger of ISX Financial EU Limited, on or about 7 September 2021 (**Prospectus**).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian equivalents to International Financial Reporting Standard (**AIFRS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following statutory historical financial information included in the Prospectus:

- The statutory historical consolidated statement of profit or loss for the year ended 31 December 2020 (**FY20**)
- The statutory historical consolidated statement of cash flows for FY20; and
- The statutory historical consolidated statement of financial position as at 31 December 2020, together the **Statutory Historical Financial Information**.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AIFRS and the company's adopted accounting policies.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



The Statutory Historical Financial Information has been extracted from the financial statements of iSignthis for the financial periods ended 31 December 2020 (audited by BDO Audit Pty Ltd). The audit was performed in accordance with Australian Auditing Standards.

BDO Audit Pty Limited issued a qualified opinion on the financial reports for the year ended 31 December 2020. The basis for the qualified opinion is BDO Audit Pty Ltd were appointed as auditors of iSignthis Ltd on 25 August 2020 and the 31 December 2019 financial report was audited by the previous auditor. BDO had been unable to obtain access to the audit files of the previous auditor for review and had been unable to satisfy themselves by alternative means concerning the opening balances for the 31 December 2020 financial report.

PRO FORMA HISTORICAL FINANCIAL INFORMATION

You have requested BDO review the following pro forma historical financial information included in the Prospectus:

- The pro forma historical consolidated statements of profit or loss for FY20;
 - The pro forma historical consolidated statements of cash flow for FY20;
 - The pro forma historical consolidated statement of financial position as at 31 December 2020; and
 - Associated details of the pro forma adjustments,
- together the **Pro Forma Historical Financial Information**.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of iSignthis Limited, after adjusting for the effects of pro forma adjustments described in Section 9.2 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in AIFRS applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 9.2 of the Prospectus, as if those event(s) or transaction(s) had occurred as at 31 December 2020. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

DIRECTORS' RESPONSIBILITY

The directors of iSignthis are responsible for:

- the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;
- Such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information (as defined in Section 9 of the Prospectus) that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that the Historical Financial Information (as defined in Section 9 of the Prospectus), based on the procedures performed, and the evidence we have obtained, has not been properly compiled in all material respects by iSignthis, in accordance with the stated basis of preparation.

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.



The limited assurance procedures we performed were based on our professional judgement and included consideration of work papers, accounting records and other documents, including those dealing with the derivation of the Historical Financial Information of iSignthis from its audited financial statements for the years ended FY20.

Our limited assurance procedures consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with AAS and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

CONCLUSION

STATUTORY HISTORICAL FINANCIAL INFORMATION

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 9.2 of the Prospectus, and comprising:

- The statutory historical consolidated statement of profit or loss FY20;
- The statutory historical consolidated statement of cash flows for FY20; and
- The statutory historical consolidated statement of financial position as at 31 December 2020

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.2 of the Prospectus.

PRO FORMA HISTORICAL FINANCIAL INFORMATION

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 9.2 of the Prospectus, and comprising:

- The pro forma historical consolidated statements of profit or loss for FY20;
- The pro forma historical consolidated statements of cash flow for FY20;
- The pro forma historical consolidated statement of financial position as at 31 December 2020,

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 9.2 of the Prospectus.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction(s) or event(s) outside of the ordinary business of iSignthis not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.



RESTRICTION OF USE

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 9 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully
BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

Tim Aman
Director

11. Tax Advisor's Report



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11. Tax Adviser's Report

11.1. Introduction

The following tax summary is a general summary of the Australian tax implications arising for ISX shareholders under the proposed Demerger. It has been prepared based on Australian taxation laws, regulations, rulings and administrative guidance, and interpretations as at the date of this **Prospectus**.

The Tax Adviser's Report does not address any tax consequences under the laws of any jurisdictions other than Australia. ISXFEU is incorporated in, and is a tax resident of, Cyprus. The Tax Adviser's Report does not address any tax laws that apply in Cyprus.

The Tax Adviser's Report has been prepared for Australian tax resident shareholders who:

- Were registered on the ISX share register as at the **Record Date**.
- Hold their iSignthis shares on capital account (i.e. not on revenue account or as trading stock).
- Have not elected into the taxation of financial arrangements (TOFA) rules in Division 230 of the *Income Tax Assessment Act 1997 (ITAA97)*.

The Tax Adviser's Report also makes some specific comments regarding about the Australian tax implications for non-Australian tax residents.

The Tax Adviser's Report is general in nature and the individual circumstances of each shareholder may affect the tax implications outlined below. Shareholders should consult with a professional tax advisor and seek appropriate advice that considers their own specific circumstances.

11.2. Class Ruling

ISX will apply to the Australian Taxation Office (**ATO**) for a class ruling in relation to the Demerger to confirm certain income tax implications for shareholders, including whether demerger tax relief is available under Division 125 of the ITAA97, whether a Demerger Dividend arises and to confirm that the Commissioner of Taxation would not make a determination under section 45B of the *Income Tax Assessment Act 1936 (ITAA36)* to deem part of the proceeds to be an unfranked dividend. The class ruling will be made publicly available and published on the ATO website once it has been finalised.

11.3. Tax Implications for ISX Shareholders

On the **Demerger Date**:

- ISX will undertake a Capital Reduction equal to the market value of ISXFEU; and

iSignthis

- The reduction will not be paid in cash, but rather will be satisfied by an in-specie distribution by ISX of 100% of the ordinary shares in ISXFEU to the ordinary shareholders of ISX on a pro rata one-for-ten basis.

The Australian income tax consequences of the Demerger for ISX's Australian resident shareholders are outlined below. The Tax Adviser's Report will cover the Australian tax implications in the event demerger tax relief is available or unavailable.

11.3.1. Demerger Tax Relief Available

Australian tax resident ISX shareholders may choose to apply the demerger tax relief in respect of their ISX shares.

- CGT event G1 (per s 104-135 of the *ITAA97*) will happen to an ISX shareholder who receives ISXFEU shares in respect of their ownership of ISX shares. The capital proceeds will not include an amount to the extent it is assessed as a dividend or deemed dividend. A shareholder will make a capital gain to the extent (if any) that the Capital Reduction (proceeds) in respect of their ISX shares exceeds the tax cost base of those shares.

ISX shareholders who choose to apply the demerger tax relief may disregard any capital gain that arises from CGT event G1. Otherwise, shareholders will need to include the net capital gain (after applying available capital losses, if any) in their assessable income.

- Any Demerger Dividend arising from the Demerger would not be assessable income or exempt income. Having briefed senior counsel on this point, it is our considered view that no part of the proceeds should comprise a Demerger Dividend or assessable dividend, but this point will be confirmed in a class ruling.
- Irrespective of whether demerger tax relief is chosen, ISX shareholders will be required to apportion the tax cost base of their ISX shares (just before the demerger) between their ISX shares and ISXFEU shares (just after the demerger).

The first element of the tax cost base of the ISX shares and the ISXFEU shares will be calculated by taking the total of the cost bases of the iSignthis shares just before the demerger and apportioning that amount between the ISX shares and ISXFEU shares.

The apportionment is to be done on a reasonable basis having regard to the market value of a shareholder's ISX and ISXFEU shares just after demerger, or a reasonable approximation of those market values.

After the Demerger, iSignthis will provide its shareholders with information to assist with the apportionment of the cost bases of their ISX shares and ISXFEU shares.

- Australian resident shareholders who choose not to apply demerger relief will have a CGT event. An Australian resident shareholder who would realise a capital gain may be entitled to discount CGT treatment where they have held or are deemed to have held their ISX shares for at least 12 months prior to the Demerger Date. The availability and extent of the CGT discount will depend on the shareholder's specific tax profile – 50% for resident individuals and trusts, or 33% for complying superannuation entities.

- For the purposes of determining whether shareholders are eligible to discount CGT treatment on future disposals of their ISXFEU shares, shareholders will be deemed to have acquired their ISXFEU shares on the same date as their ISX shares. This is irrespective of whether demerger tax relief is applied.
- We are instructed that the ISX group holds no taxable Australian property and is not expected to do so at the Demerger Date. Consequently, there should be no CGT consequences for non-resident shareholders arising from the Demerger unless the ISX shares are used in carrying on a business through a permanent establishment in Australia.

11.3.2. Demerger Tax Relief Unavailable

Where demerger tax relief is unavailable:

- Australian tax resident shareholders will make a capital gain under CGT event G1 to the extent (if any) the Capital Reduction (proceeds) in respect of their ISX shares exceeds the tax cost base of those shares but reduced by any deemed dividend. No capital loss can be realised from a CGT event G1.
- Alternatively, the Commissioner of Taxation could make a determination under section 45B of the ITAA36 to deem the Demerger proceeds (or part thereof) to be treated as an unfranked dividend. Having briefed senior counsel on this point, it is our considered view that the Commissioner of Taxation is unlikely to make a section 45B determination in relation to the Demerger proceeds, but this point will be confirmed in a Class Ruling. For Australian resident shareholders, any deemed unfranked dividend would be included in their assessable income and may also be subject to Tax File Number withholding at 47%. For non-Australian resident shareholders, the deemed dividend would be subject to withholding tax at rates of up to 30% (but subject to applicable double tax agreements).
- The first element of the tax cost base of the ISXFEU shares will equal their market value (just after the Demerger) on the Demerger Date.
- For the purposes of determining whether shareholders may be entitled to the CGT discount on future disposals of their ISXFEU shares, shareholders will be deemed to have been acquired these shares on the Demerger Date.

11.4. Holding ISXFEU Shares after the Demerger

11.4.1. Dividends

A dividend received from ISXFEU by an Australian resident corporate tax entity holding a 10% or greater participation interest will be in receipt of non-assessable non-exempt income pursuant to subdivision 768-A of the ITAA97.

All other shareholders will need to include in their assessable income the Australian dollar equivalent of any dividend received from ISXFEU, grossed up for any tax withheld in Cyprus. We note that Cyprus does not presently impose withholding tax on dividends paid to non-resident.

Shareholders who are assessed on the ISXFEU dividend may be entitled to a foreign tax offset for any applicable withholding tax.

11.4.2. Sale of ISX Financial EU Shares

Australian resident portfolio shareholders of ISXFEU will make a capital gain or a capital loss for CGT purposes depending on whether the Australian dollar equivalent sale proceeds from the disposal of the ISXFEU shares exceeds the cost base of the shares sold. These shareholders may be entitled to the CGT discount on a disposal of their ISXFEU shares if the shares have been held for more than 12 months.

11.5. Other

No Australian stamp duty will be payable by ISX shareholders in relation to their participation in the Demerger.

No GST should be payable by ISX shareholders in relation to their participation in the Demerger.



Danette Cheung
Director
RSM Australia Tax Law Pty Ltd

12. Risk Factors associated with the Offer

The ISXFEU Shares offered under this Prospectus should be considered speculative because of the nature of ISXFEU's business. There are numerous risk factors involved with ISXFEU's business. This Section identifies the major areas of risk associated with an investment in ISXFEU but should not be taken as an exhaustive list of the risk factors to which ISXFEU and ISXFEU Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of ISXFEU and cannot be mitigated. Accordingly, an investment in ISXFEU carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

Potential investors should read the entire Prospectus and consult their professional advisers before deciding on their voting intentions in respect of the Demerger.

12.1 Risks Related to ISXFEU Group's Operations

These risks are applicable irrespective of whether ISXFEU Group is demerged. Certain risks, such as restricted access to raise capital arise if the ISXFEU Group does not demerge.

12.1.1 No guarantee that Demerger will lead to quotation of ISXFEU's securities.

The ISX Directors believe that Demerger of ISXFEU's activities into a European Company will likely lead to admission of ISXFEU's securities on a regulated securities exchange. However, the ISX Directors have not as yet finalised any admission process with any exchange. The ISX Directors note that it is their opinion that ISX is less likely to be admitted to any exchange as compared to ISXFEU after the Demerger.

12.1.2 ISXFEU is subject to the laws of Cyprus and the European Union

ISXFEU is incorporated in Cyprus and is governed by the Companies Law and regulations of Cyprus. ISXFEU is an unlisted public company in Cyprus and accordingly the ISXFEU Board actions will not be subject to compliance with the ASX Listing Rules or any stock exchange listing rules. ISXFEU Shareholders will not have the same level of benefit or protection accorded by such compliance obligations on companies listed on ASX and may not have the same level of benefit or protection accorded by compliance obligations of a company in Australia incorporated under the Corporations Act (see key differences between Australian and Cyprus laws set out in section 14.2). Cyprus is an EU member state, and investor benefits and protections are sophisticated, however they do differ in some respects from those available under Australian law. It should not be inferred from the above that benefits, and protections are necessarily weaker than those of Australia.

Shareholders should be aware that;

- -they will not have the benefit of Australian or any other exchange listing rules; and
- -they will have different protections under Cyprus Laws which they should carefully consider, as outlined in section 14.

12.1.3 ISXFEU is subject to macroeconomic conditions that affect consumer, business and government spending and growth in its markets.

The digital payments industry in which ISXFEU operates depends heavily upon the overall level of consumer, business, and government spending, which in turn depend significantly on global and regional economic conditions in the EEA region. ISXFEU currently generates a substantial portion of its revenues from a limited number of markets (with the EEA accounting for more than 98 per cent of its revenues in 2020). Adverse changes or uncertainty about any number of macroeconomic factors, including political and social conditions, economic growth rates, interest rates, unemployment, asset values and financial market conditions, government spending, oil prices and consumer and business sentiment in ISXFEU's markets may adversely affect overall spending levels, retail spending and trade. Additional factors such as the actual or perceived risk of health and safety hazards, including terrorist attacks or natural catastrophes, could adversely affect tourism and general spending. These and other adverse conditions may result in reduced digital payments volumes and card transactions. In addition, adverse changes in the economic environment could result in a higher rate of

bankruptcy filings by ISXFEU's merchants, resulting in lower revenue, credit risk losses and a consequential reduction in earnings.

See also section 12.1.5.

Any material declines in the overall macroeconomic environment in ISXFEU's markets could have a material adverse effect on its business, financial condition, and results of operations.

12.1.4 ISXFEU may fail to expand its share of its existing digital payments markets, develop new capabilities and expand into new geographies.

ISXFEU's future growth and profitability depend upon the growth of the markets in which it currently operates, the future expansion of those markets, its ability to develop new products and services that are commercially successful and its ability to increase its penetration and service offerings within these markets, as well as the emergence of new markets for its services and its ability to penetrate these new markets.

It may be difficult to attract new clients because of potential disadvantages associated with switching payment processing vendors, such as transition costs, business disruption and loss of accustomed functionality. ISXFEU seeks to overcome these factors by making investments to enhance the functionality of its software and differentiate its services, including the hybrid eMoney and payment services approach. However, there can be no assurance that its efforts will be successful, and this resistance may adversely affect its growth. In particular, ISXFEU's growth strategy in the EEA region will depend on its ability to expand across the merchant acquiring and payments value chain and successfully cross-sell existing and new products to current and future customers, all of which is subject to uncertainty. Moreover, as ISXFEU pursues further expansion into Canada, United States and Asia & Pacific markets, including into certain markets in which it has limited or no operating experience and faces additional cultural and language challenges, ISXFEU cannot guarantee that it will be able to successfully expand in any such markets due to the competition it expects to face from incumbent providers, including, in particular, larger pan-Asian banks with extensive cross-border operations, its relative lack of experience in new markets and the multitude of risks associated with global operations, including political uncertainty and potential lack of appropriate regulatory approval. ISXFEU's expansion into new product markets is also dependent upon its ability to adapt its existing technology and offerings and to develop new or innovative applications to meet the particular service needs of each new market.

In particular, ISXFEU's growth strategy is subject to the general risks of investing in new markets. Accordingly, ISXFEU's business, prospects, financial condition, and results of operations may be adversely affected by changes in the economic and social conditions, political structure, legal or regulatory environment in the countries in which it operates. In particular, operations in financial services, including payments, may be subject to additional risks including money laundering, bribery and corruption and terrorist financing. In order to effectively implement its growth strategy, ISXFEU will need to anticipate and react to market changes and devote appropriate financial and technical resources to its development efforts, including understanding the specific challenges of its target markets, and there can be no assurance that it will be successful in these efforts.

Finally, ISXFEU's strategy involves expanding into new and existing digital payments markets, including through organic growth and strategic transactions. The success of the strategic transaction strategy depends on the ability of ISXFEU to identify suitable targets, to accurately assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such transactions, negotiate acceptable terms and to successfully integrate such businesses. There can be no assurance that ISXFEU will be able to identify and to execute future strategic transactions on appropriate terms and at an acceptable cost. If ISXFEU is unable to successfully expand into these markets, it may not be able to successfully implement its growth strategy.

12.1.5 ISXFEU is subject to the credit risk that its merchant solutions customers will be unable to satisfy obligations for which it may also be liable.

ISXFEU is subject to the credit risk that its merchant customers will be unable to satisfy obligations for which it may also be liable, including as a result of chargebacks or breach of payment scheme rules. In the event that a dispute between a cardholder and a merchant (whether because the cardholder did not receive the goods or services, or felt that the goods or services were not fit for purpose, or because a fraudulent transaction was made using the cardholder's card details) is not resolved in favour of the merchant, the transaction is normally "charged back" to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If ISXFEU is unable to collect such amounts from the merchant's account or reserve account (if applicable), or if the merchant refuses or is unable, due to closure, bankruptcy

or other reasons, to reimburse ISXFEU for a chargeback, ISXFEU bears the loss for the amount of the refund paid to the cardholder. ISXFEU's risk of chargebacks is typically greater with those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. In addition, ISXFEU's associated participants are also liable for any fines or penalties that may be assessed by the payment schemes. In the event that ISXFEU is not able to collect such amounts from its merchants or associated participants, for any other reason, it is generally liable for any such charges. While ISXFEU has historically experienced very low losses from chargebacks (with losses for the last year of 0.05 per cent of total transaction value processed) and, notwithstanding ISXFEU's procedures for acceptance of new merchants and screening for credit risk, it is possible that a default on such obligations by one or more of its merchants could have a material adverse effect on its business, financial condition and results of operations.

12.1.6 ISXFEU is subject to potential credit risk from payment schemes, as well as short-term credit risk from its settlement banks, and any significant delays or payment defaults could lead to material losses.

ISXFEU is subject to the short-term credit risk that either a payment scheme, or a settlement bank, fails to pay it amounts that it may be obligated to pre-pay or credit its merchant customers. ISXFEU generally only receives payments from the payment schemes one or two business days after the transaction, while it generally settles with merchants on the seventh business day after the transaction (and for a limited number of merchants on the fourteen-day). If a non-payment exceeds the time ISXFEU withholds settlement funds from a merchant, it could result in a temporary default on its obligations to its merchant customers, resulting in financial, reputational and customer loss.

12.1.7 ISXFEU is subject to credit risks in respect of counterparties, including other financial institutions.

ISXFEU is and will continue to be subject to the risk of actual or perceived deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions, in particular in relation to receivables from financial institutions regarding settled payment transactions and cash and cash equivalents held at financial institutions. One institution defaulting, failing a stress test, or requiring bail-in by its shareholders and/or creditors and/or bail-out by a government could lead to significant liquidity problems and losses or defaults by other institutions, including for ISXFEU. Even the perceived lack of creditworthiness of, or questions about, a counterparty or major financial institution may lead to market-wide liquidity problems and losses or defaults by financial institutions on which ISXFEU has an exposure. This risk resulting from the interdependence on financial institutions is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as industry payment systems and banks, with whom ISXFEU interacts on a daily basis. Systemic risk, particularly within the EU or otherwise affecting global markets, could have a material adverse effect on ISXFEU's ability to raise new funding and on its business, financial condition, results of operations and prospects.

12.1.8 Fraud could have an adverse effect on ISXFEU's operating results and financial condition.

ISXFEU could have potential liability for fraudulent digital payments transactions or credits initiated by merchants, consumers, or others. Examples of fraud could include organised criminal activity or merchant fraud, such as when a merchant, consumer or other party knowingly uses a stolen or counterfeit credit or debit card, card number, or other credentials to record a false sale or credit transaction, or when a merchant or other party processes an invalid card, or intentionally fails to deliver the merchandise or services sold in an otherwise valid transaction.

While ISXFEU has a dedicated team working collaboratively with law enforcement to thwart these efforts, criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting credit and debit cards and fraud. There is also a risk ISXFEU's employees could engage in or facilitate fraudulent activity on their own behalf or on behalf of others.

If the levels of fraudulent payment card transactions become excessive, they could potentially result, and have in the past resulted, in ISXFEU and the related merchants becoming subject to review by the scheme programmes. Such a review can result in fines and penalties and ultimately losing the right to process payment cards by the payment schemes, which could materially and adversely affect its business, financial condition, and results of operations. Moreover, failure to effectively manage risk and prevent fraud could increase ISXFEU's chargeback liability or cause it to incur other liabilities. It is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities could have a material adverse effect on ISXFEU's operating results and financial condition.

In addition, financial services regulators may implement new requirements on direct acquirers and acquirer processors intended to reduce fraud, including online fraud, which could impose significant costs, require ISXFEU to change its business practices, or reduce the ease of use of its products, which may materially and adversely affect its business, financial condition, and results of operations.

ISXFEU has taken measures to detect and reduce the risk of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. If these measures do not succeed, ISXFEU's business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to the risk that our merchants, employees, or partners may seek to commit fraud against us or our merchant network.

There can be no assurance that our internal controls will prevent the incidence of fraud. Failure of our internal controls to detect fraud may result in damage to our reputation or standing with funding providers, significant losses, or impact our ability to attract merchants, each of which could have an adverse impact on our business, financial performance, and operations.

12.1.9 Increased merchant attrition and decreased transaction volume could cause ISXFEU's revenue to decline.

Organic growth in ISXFEU's business is derived primarily from acquiring new merchant solutions customer relationships. ISXFEU relies on its third-party relationships as a significant source of new merchant relationships. ISXFEU cannot predict the level of attrition and decreased transaction volume in the future and its revenue could decline as a result of higher-than-expected attrition, which could have a material adverse effect on its business, financial condition and results of operations.

ISXFEU also achieves organic growth by offering new or enhanced products and services to existing merchant solutions customers, cross selling its existing products and services into existing relationships, and the general growth in the digital payments industry through increased usage of digital payments in consumer spending. ISXFEU experiences attrition in merchant solutions customers and in the volume of credit and debit card transactions as a result of several factors, including:

- business closures and customer consolidations.
- inability to renew contracts on acceptable terms or at all or termination of such contracts.
- account closures that ISXFEU initiates for various reasons, such as heightened credit risks or contract breaches by merchants.
- reductions in its merchant solutions' sales volumes or in credit and other card usage; and
- transfers of merchants' and financial institution accounts to competitors.

Furthermore, merchant attrition could also be caused by a variety of factors including competition, see also, section 12.2.15, technological changes, see also section 12.2.14. In addition, any turmoil affecting the banking system or financial markets in the EEA region or UK could cause additional consolidation of the financial services industry, significant financial service institution failures or new regulations, any of which could result in merchant attrition.

ISXFEU could also experience significant attrition in the future as a result of service delivery interruptions (see also **section 12.2.2**) or other events which materially negatively affect its reputation and could have a material adverse effect on ISXFEU's business, financial condition and results of operations (see also **section 12.1.17**).

12.1.10 A significant number of ISXFEU's merchants are small-and-medium sized businesses (SMBs), which can be more difficult and costly to retain than larger enterprises and may increase the impact of economic fluctuations on it.

SMBs comprise a significant percentage of ISXFEU's number of merchants. To continue to grow its revenue, ISXFEU must add merchants, sell additional services to existing merchants, and encourage existing merchants to continue doing business with it. However, retaining SMBs can be more difficult than retaining large enterprise merchants. This is because SMB merchants:

- often have higher rates of business failure and more limited resources.

- are typically less sophisticated in their ability to make technology-related decisions based on factors other than price.
- may have decisions related to the choice of payment processor dictated by their affiliated parent entity; and
- are more able to change their payment processors than larger enterprise merchant's dependent on ISXFEU's services.

SMBs are typically more susceptible to the adverse effects of economic fluctuations. If ISXFEU does not continue to diversify its merchant base and adverse changes in the economic environment or business failures of ISXFEU's SMB merchants increase, ISXFEU may need to attract and retain new merchants at an accelerated rate or decrease its expenses to reduce negative impacts on its business, financial condition, and results of operations.

SMBs have been disproportionately affected by the COVID-19 pandemic and the related measures taken by governments and private industry to protect the public health such as stay-at-home orders. Many SMBs are experiencing reduced sales and are processing fewer payments with ISXFEU, which has had a negative impact on its results of operations. If they cease to operate, they will stop using ISXFEU's products and services altogether. SMBs frequently have limited budgets and limited access to capital, and they may choose to allocate their spending to items other than ISXFEU's financial or marketing services, especially in times of economic uncertainty or in recessions. In addition, if more of ISXFEU's merchants cease to operate, this may have an adverse impact not only on the growth of ISXFEU's payments services but also on its transaction and advance loss rates, and the success of its other services.

12.1.11 ISXFEU may not have adequate insurance.

ISXFEU and its subsidiaries have insurance in place that includes ISXFEU Directors and Officers insurance, travel insurance, public liability, public indemnity or cyber insurance and cover for provision of certain financial services.

Although ISXFEU seeks and will continue to seek to ensure that it is appropriately insured and currently maintains insurance policies covering cybercrime, business interruption, ISXFEU Directors and officers, and commercial crime, it cannot be certain that any of its existing insurance policies will be renewed on equivalent terms or at all or that it will be able to obtain, or increase the amount of, insurance for any new risks that it may face in the future on terms that are acceptable to it. Accordingly, there is a risk that ISXFEU may be unable to obtain the insurance coverage it desires at premiums which it believes to be reasonable. If ISXFEU experiences an insured event, it cannot be certain that the proceeds of insurance which it receives will fully cover its loss. For example, companies engaged in the payments processing industry may be sued for substantial damages in the event of an actual or alleged breach of data security (see also section 12.1.17) or ISXFEU's properties (such as its network and data centres) could suffer physical damage from fire or other causes, resulting in losses (including loss of future income) that may not be fully compensated by insurance. Furthermore, ISXFEU's insurance policies may be subject to deductibles or exclusions that could materially reduce the amount it recovers, and, in certain circumstances, the policies could be void or voidable at the option of the insurer. In addition, ISXFEU's insurers or its reinsurers may become insolvent and therefore not be able to satisfy any claim in full or at all.

Certain types of risks and losses (for example, losses resulting from acts of war or certain natural disasters) are not economically insurable or generally insured. If ISXFEU experiences an uninsured or uninsurable loss in the future, it could incur significant expenditures, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.1.12 If ISXFEU cannot pass along increases in interchange and other fees from payment schemes to its merchants, its operating margins would be reduced.

ISXFEU pays payment scheme membership, franchise, and processing fees for payments services as well as scheme and card issuer fees (known as interchange fees) for each transaction that it processes through the payment schemes. From time to time, the payment schemes increase the interchange fees and other fees that they charge payments processors and, in cases in which ISXFEU is a licenced member of a payment scheme, its financial institution sponsors. ISXFEU has the right to pass any increases in interchange and other fees on to its merchant solutions customers and it has consistently done so in the past. While ISXFEU has historically passed along the majority of these fee increases to its merchant solutions customers through corresponding increases in its processing fees, there is a risk that it may be unable to pass through these and other fee increases in the future, for example, as a result of increased competitive pressure or the introduction of applicable regulation, which could have a material adverse effect on its direct acquiring margins, financial condition and its results of operations.

12.1.13 ISXFEU's expansion into new jurisdictions could cause delays in licensing and the integration of new technologies.

ISXFEU's expansion into new jurisdictions may entail seeking prudential or financial services authorisations, jurisdiction specific licensing of payment schemes, and the development of new technologies to interface with existing payment, banking and/or card services in that jurisdiction. Each of the authorisations or licensing process, or technology development or integration, can take between 12-24 months, with local variances.

12.1.14 ISXFEU's risk management policies and procedures may not be fully effective in mitigating its risk exposure against all types of risks.

ISXFEU's risk management policies and procedures may not be fully effective to identify, monitor and manage its risks, particularly given the heightened risks of operating in a number of new intended markets in North America, Asia and the Pacific. ISXFEU has identified certain operational controls for remediation, certain of which it only expects to remediate during 2021, and there can be no assurance that such remediation efforts will be completed within the timeframe set by ISXFEU or that any delay will not lead to adverse consequences. Some of its risk evaluation methods depend upon information provided by others and public information regarding markets, clients or other matters that are otherwise inaccessible by it. In some cases, that information may not be accurate, complete, or up to date. If ISXFEU's policies and procedures are not fully effective or it is not always successful in capturing all risks to which it is or may be exposed, it may suffer harm to its reputation or be subject to litigation or regulatory actions that could have a material adverse effect on its business, financial condition, and results of operations.

In addition, ISXFEU's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with international financial reporting standards (IFRS). ISXFEU seeks to mitigate the risk of fraud through its management structure and regular financial review with an extensive use of business systems. This structure or review may not identify fraud that may have a material adverse effect on ISXFEU's reputation and results of operations. Failure to maintain effective internal controls over financial reporting could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.1.15 ISXFEU relies on key management personnel, and its business may be adversely affected by loss of such personnel or by any inability to recruit, train, retain and motivate key employees.

ISXFEU believes that its management teams contribute significant experience and expertise to the management and growth of its business. The continued success of its business and its ability to execute its business strategies in the future will depend in large part on the efforts of ISXFEU's key personnel. There is a shortage of skilled personnel in the digital payments industry in the countries in which ISXFEU develops its products (including in Australia, Cyprus, the United States and Lithuania), which management believes is likely to continue. As a result, ISXFEU may face increased competition for skilled employees in many job categories from local and regional finance and technology companies, including other merchant solutions and issuer solutions companies and this competition is expected to intensify.

Furthermore, ISXFEU may need visas in various countries in order to recruit and retain the most competitive employees for various positions. As various countries in which ISXFEU operates seek to increase the employment and hiring of local employees, ISXFEU may be unable to obtain the requisite visas for its current or prospective employees from the respective governments in a timely manner or at all.

In addition, if ISXFEU expands its business through acquisitions, ISXFEU may be unable to retain and integrate skilled employees from acquired companies or businesses.

ISXFEU's inability to successfully integrate, recruit, train, retain and motivate key skilled employees could have a material adverse effect on its business, financial condition, and results of operations.

ISXFEU depends upon the continued services and performance of ISXFEU Directors and key senior management. The unexpected departure or loss of one of ISXFEU's Directors or key senior management team could have a material adverse effect on ISXFEU's business and financial performance, and there can be no assurance that ISXFEU will be able to attract or retain suitable replacements for such directors and/or key management in a timely manner, or at all.

ISXFEU also may incur significant additional costs in recruiting and retaining suitable replacements and avoiding disruption in integrating them into ISXFEU's businesses. In addition, ISXFEU's operations and execution of its business

plan depend on the ability of ISXFEU to attract, train and retain suitably skilled or qualified personnel with relevant industry and operational experience and to ensure that ISXFEU has a robust succession planning system in place. In order for ISXFEU to expand its operations in the future it will need to recruit and retain further personnel with suitable experience, qualifications and skill sets capable of advancing ISXFEU's business. There is substantial competition for suitably skilled or qualified personnel with relevant industry and operational experience and there can be no assurance that ISXFEU will be able to attract or retain its personnel on similar terms to those on which it currently engages its employees, or at all. If ISXFEU is unable to attract or retain suitably skilled or qualified personnel, then this could have a material adverse effect on ISXFEU's business and financial performance.

Key person risk is applicable to Mr. N. Karantzis in case of accident or fatality preventing his contribution the ISXFEU operations, as he remains central to the operations, regulatory and strategy aspects of ISXFEU.

12.1.16 ISXFEU's future results may differ materially from what is expressed or implied by any financial targets presented by ISXFEU, and investors should not place undue reliance on these targets.

Any financial targets issued as "guidance" shall represent ISXFEU's expectations for the medium term. ISXFEU's actual results may differ materially from what is expressed or implied by any such medium-term financial targets. These targets may not be achievable in the short term or at any time. Such financial targets will be based upon a number of assumptions, which are subject to significant business, operational, economic and other risks, many of which are outside of ISXFEU's control. While ISXFEU may detail the key assumptions which management has made when setting its medium-term targets, these assumptions may not continue to reflect the commercial, regulatory and economic environment in which ISXFEU operates. In addition, unanticipated events may have a material adverse effect on the actual results that ISXFEU achieves in future periods whether or not its assumptions otherwise prove to be correct. As a result, ISXFEU's actual results may vary materially from any targets and investors should not place undue reliance on them.

12.1.17 Real or perceived data breaches and unauthorised disclosure of data, whether through cyber security breaches, computer viruses or otherwise, could expose ISXFEU to liability, protracted and costly litigation and damage its reputation.

ISXFEU adheres to PCI DSS, and ISO27001 data security practices, and is certified by third parties to these standards, including by the British Standards Institute. Despite ISXFEU adhering to these standards and best practices, there remains a risk of real or perceived data breach.

Under the GDPR the card scheme rules and other regulations (which ISXFEU refers to as *payment scheme rules*) as well as its agreements with its acquiring clients, ISXFEU is responsible for the security of the information provided to it by certain third parties, including the end users (cardholders), merchants, third-party service providers and other agents (all of which ISXFEU refer to as associated participants) as well as its financial institution customers. ISXFEU requires this data in order to approve merchant accounts, process transactions and to help prevent fraud, all of which are fundamental to its business. This information includes confidential data such as names, addresses, credit or debit card numbers and bank account numbers. ISXFEU processes the information and delivers its products and services through computer networks and telecommunications services operated by ISXFEU and its associated participants. ISXFEU has ultimate liability under the GDPR and to the payment schemes for its failure and for the failure of its associated participants to protect this data in accordance with GDPR, payment scheme and financial institution requirements. The loss or misuse of merchant or cardholder data by ISXFEU or its associated participants could result in significant fines and sanctions by the payment schemes, and, if its failure also breaches applicable GDPR law, governmental bodies. A significant cyber security breach could also result in payment schemes or financial institutions prohibiting ISXFEU from processing transactions on their networks, either temporarily or for a longer period of time or the loss of its financial institution sponsorship that facilitates its participation in certain payment schemes. In the event of a breach, ISXFEU could also incur significant compensation costs and reputational damage. All of these factors would have a material adverse effect on ISXFEU's business, financial condition and results of operations.

These concerns about security are increased when ISXFEU transmits information over the internet. The techniques used by hackers and other cyber criminals to obtain unauthorised access, disable, or degrade service or sabotage systems change frequently and are often difficult to detect. There is a risk that ISXFEU may experience more frequent or more sophisticated attacks in the future.

Moreover, although ISXFEU has not been subject to any material breaches from any attacks to date, it and its associated participants could be subject to material breaches of security in the future. In such circumstances, ISXFEU's encryption of data and other protective measures may not prevent unauthorised access, service disruption or system sabotage. Moreover, its associated participants may also have insufficient or ineffective protective measures over which ISXFEU has no control. Although ISXFEU has not incurred material losses or liabilities as a result of security breaches which its associated participants have experienced, any future breach of its system or that of an associated participant could be material and harm its reputation, deter clients and potential clients from using its services, increase its operating expenses, expose it to uninsured losses or other liabilities, disrupt its operations (including potential service disruptions), distract its management, increase its risk of regulatory scrutiny, subject it to lawsuits, result in material penalties and fines under applicable laws or by the payment schemes or its financial institution customers, and adversely affect its continued payment scheme registration and financial institution relationships.

ISXFEU could also be subject to liability for claims relating to misuse of personal information, such as its use for unauthorised marketing purposes or in violation of data privacy laws. ISXFEU generally requires that its agreements with third parties who have access to merchant and customer data include confidentiality obligations and minimum-security system specifications, such as compliance with best practices like ISO 27001 and PCI-DSS, but it cannot be certain that these contractual requirements are always followed or that they will always prevent the unauthorised use or disclosure of data. In addition, ISXFEU has agreed in certain agreements to take certain protective measures in its systems, including ensuring the confidentiality of merchant and consumer data, such as compliance with PCI-DSS, ISO 27001, and other industry standards. The costs of systems and procedures associated with such protective measures may increase and could adversely affect ISXFEU's ability to compete effectively. Any failure to adequately enforce or provide these protective measures could result in liability, protracted and costly litigation and, with respect to misuse of personal information of ISXFEU's merchants and consumers, loss of clients and reputational harm.

In particular, the GDPR was adopted in April 2016, and entered into force on May 25, 2018, with immediate direct application across the EU. The GDPR imposes more stringent data protection obligations than under the previous EU Directive 95/46/EC, resulting in higher compliance burdens. The GDPR requires ISXFEU to be able to demonstrate its compliance with data protection principles. In addition, the GDPR increases sanctions for data protection compliance violations of up to a maximum of €20,000,000 (AUD\$32,000,000) or 4% of ISXFEU's global annual net turnover, whichever is higher. If ISXFEU fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage, which may have an adverse effect on ISXFEU's business, financial condition, results of operations and prospects. Any failure, or perceived failure, by ISXFEU to comply with its privacy policies or with any applicable privacy laws in one or more jurisdictions could result in proceedings or actions against ISXFEU by governmental entities or others, including class action privacy litigation in certain jurisdictions, significant fines, penalties, judgments and reputational damages to ISXFEU, requiring ISXFEU to change its business practices, increasing the costs and complexity of compliance, any of which could materially and adversely affect its business, financial condition, results of operations and prospects. Data protection, privacy and information security have become the subject of increasing public, media, and legislative concern. If merchants were to reduce their use of ISXFEU's products and services as a result of these concerns, its business could be materially harmed. In addition, ISXFEU is also subject to the possibility of security breaches, which themselves may result in a violation of these privacy laws. ISXFEU's systems may be compromised, or its services may be affected as the result of DDoS/DNS/Routing or other cyber-attacks or other events.

Any failure of ISXFEU, its merchants, partners or others who use its services to adequately protect sensitive data could have a material and adverse effect on its reputation, business, financial condition, results of operations and prospects. ISXFEU cannot make any assurances that its systems or arrangements with associated participants or other third parties will prevent the unauthorised use or disclosure of data or that it would be reimbursed by associated participants or other third parties in the event of any unauthorised use or disclosure of data by them. Any such unauthorised use or disclosure of data could result in protracted and costly litigation, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

ISXFEU is also vulnerable to systems failure and software defects which could impact its ability to ensure the security or integrity of the information provided to it.

See also section 12.1.17 and section 12.2.2.

12.1.18 The costs and effects of pending and future litigation, investigations or similar matters, or adverse facts and developments related thereto, could materially affect ISXFEU's business, financial position, and results of operations.

ISXFEU is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims, shareholder class actions and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of ISXFEU.

ISXFEU from time to time may in the future be involved in governmental or regulatory investigations or similar matters arising out of its current or future business. ISXFEU's insurance or indemnities may not cover all claims that may be asserted against it, and any claims asserted against it, regardless of merit or eventual outcome, may harm its reputation. Furthermore, there is no guarantee that ISXFEU will be successful in defending itself in pending or future litigation or similar matters under various laws. Should the ultimate judgments or settlements in any pending litigation or future litigation or investigation significantly exceed ISXFEU's insurance coverage, they could have a material adverse effect on its business, financial condition, and results of operations.

12.1.19 Local currency fluctuations could affect ISXFEU's cash flows which could, in turn, impact its ability to pay certain obligations as cash flows are generated in local currencies.

Each of ISXFEU's subsidiaries earns its revenue and incurs operating expenses principally in the local currency of the markets in which it operates. ISXFEU's operating results, as presented in EUROS €, are affected by exchange rate fluctuations between the EURO € and a number of local currencies. Substantially, most of ISXFEU's revenues are currently in the EURO (€) currency, whereby volatility in the exchange rate of the EURO (€) or any other currency against local currencies can result in gains or losses. Any negative effect of local currency fluctuations on ISXFEU's cash flows could adversely impact its ability to pay certain obligations, which could adversely affect its business, financial condition, and results of operations.

12.1.20 Customer service and reputational risk.

The reputation of ISXFEU and its products is important in attracting and retaining existing business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Litigation arising, or negative publicity could adversely impact the reputation of ISXFEU which may potentially result in a fall in the number of customers seeking the products and services of ISXFEU.

12.2 Operational risk events.

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events which affect our business. Our business is exposed to operational risks such as external and internal fraud, processing errors, system or hardware failure and failure of information security systems. Loss from operational risk events could divert investment from new products into remediation of existing systems and processes, damage merchant relations or our reputation, adversely affect our financial results or position, as well as divert staff away from their core roles to remediation activity. In addition, losses could include legal or remediation costs and loss of property and/or information.

12.2.1 ISXFEU may fail to hold, safeguard or account accurately for merchant or customer funds.

ISXFEU employs a high level of internal controls and compliance procedures to hold, safeguard and account accurately for account holders' funds. In order to safeguard funds, account holders' funds must either be held in secure, liquid low-risk assets that are held by a custodian or placed in a segregated account of an authorised credit institution or the firm may hold an insurance policy or bank guarantee to safeguard the funds. As ISXFEU's business continues to grow, it must continue to strengthen its internal controls. ISXFEU's success relies on public confidence in its ability to handle large and growing transaction volumes and merchants' or customers' funds. In addition, the Electronic Money

Regulations require eMoney providers to safeguard their customer funds from receipt until the eMoney for which those funds have been exchanged is spent or redeemed and for a period of six years following termination of the eMoney contract.

Any failure to maintain necessary controls, to effectively safeguard the funds of ISXFEU's merchants or customers or to manage merchants' or customers' funds accurately could severely diminish merchant or customer use of ISXFEU's services and could have a material adverse effect on ISXFEU's results of operations, financial condition, and future prospects. Further, a failure to adequately safeguard the funds of its customers could result in ISXFEU being subject to enforcement action by the relevant regulator which could result in fines or other penalties being levied against ISXFEU.

12.2.2 ISXFEU's systems and its third-party providers' systems may fail due to a number of factors, including factors beyond its control, which could interrupt its service, cause it to lose business and increase its costs.

The integrity, reliability, and operational performance of ISXFEU's IT infrastructure and systems are critical to its operations. The most significant of these are the systems it uses to operate its merchant solutions. ISXFEU also depends on the efficient and uninterrupted operation of numerous other systems, software, data centres and telecommunications networks, as well as the systems of third parties, including the Central Bank of Lithuania, Mastercard, Diners Club/Discover, JCB, AMEX, Fiserv, Equinix, Microsoft Azure and Amazon Web Services in order to provide services to its clients. In particular, ISXFEU has experienced high growth rates in payment transaction volumes over the past year and expects growth to continue for the coming years. However, despite the implementation of architectural changes to safeguard sufficient future processing capacity on ISXFEU's payments systems, in the long-term, these systems could potentially reach the limit of the number of transactions they are able to process, resulting in longer processing time or even downtime. ISXFEU's efforts to safeguard sufficient future processing capacity are time-consuming, involve significant technical risk and may divert ISXFEU's resources from new features and products, and there can be no guarantee that these efforts will succeed. A failure to adequately scale ISXFEU's payments systems could therefore materially and adversely affect its business, financial condition, and results of operations.

ISXFEU's systems and those of its third-party service providers, including data centre facilities and cloud storage services are subject to the risk of both limited and significant service interruptions. Although ISXFEU has not experienced any outages that have had a material impact on its business to date, its systems and operations and those of its third-party providers could be exposed to damage or interruption from these and other factors including hardware and software defects or malfunctions, and other events such as human error, fire, natural disaster, power loss, telecommunications failure, terrorist acts, war, unauthorised entry, fraud or sabotage, security breach, computer viruses, other defects and development delays.

If third parties cease to provide the facilities, components, or services ISXFEU relies on, breach their agreements with ISXFEU, or fail to meet ISXFEU's requirements due to financial or regulatory issues, labour issues, or other problems, ISXFEU's operations could be disrupted or otherwise negatively affected.

A system outage or data loss could have a material adverse effect on ISXFEU's business, financial condition, and results of operations. ISXFEU's merchant solutions customers and acquiring solutions customers may require it to maintain a certain level of systems availability, and failure to maintain agreed levels of service availability or to reliably process the transactions of its customers could result in financial or other penalties and customers switching to a different provider.

Losses in customers due to performance issues, system interruptions or other failures could result in a loss of revenue, payment of damages or fines imposed by payment schemes, reputational harm, and additional operating expenses in order to remediate the failures, and exposure to other losses or other liabilities, including those incurred in resolving backlog issues once systems are restored, all of which could have a material adverse effect on ISXFEU's business, financial condition and results of operations.

ISXFEU's systems and operations or those of its associated participants could be exposed to interruptions, delays, or outages from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry, and computer viruses. ISXFEU's systems or those of third parties may also contain undetected errors or other performance problems or may fail due to human error. Although ISXFEU maintains insurance policies specifically for property and business interruptions, these policies may not be adequate to cover losses arising as a result of any such interruptions. Defects in its systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in:

- loss of revenue.
- loss of clients.

- loss or breach of merchant or consumer data.
- loss of membership with Mastercard, JCB, Diners Club, Discover, American Express, or other payment networks, leading to loss of ISXFEU's ability to access its networks.
- fines imposed by payment networks and other issues relating to non-compliance with applicable payment network requirements.
- fines imposed by regulators, including the FCA, the Central Bank of Cyprus, the Central Bank of Lithuania, and others.
- harm to its business or reputation resulting from negative publicity.
- exposure to fraud losses or other liabilities.
- additional operating and development costs.
- diversion of technical and other resources; and
- breach of contractual obligations, such as guarantees to maintain performance levels at certain levels given to many of its clients, which could harm client relationships and cause it to issue credits to clients or incur other additional liability.

ISXFEU's business is also dependent on the continued growth and maintenance of the Internet's infrastructure. There can be no assurance that the Internet's infrastructure will continue to be able to support the demands placed on it by sustained growth in the number of users and amount of traffic. Furthermore, the internet and cloud-based services could become less viable as a business tool due to delays in development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility, and quality-of-service. To the extent that the Internet's infrastructure is unable to support the demands placed on it, the business of merchants, and thus ISXFEU's business, may be impacted. ISXFEU may also be disadvantaged by the adverse effect of any delays or cancellations of private sector or government initiatives designed to expand broadband access. ISXFEU, and its merchants, may be impacted by a reduction in the growth of, or a decline in, access to broadband and Internet.

As ISXFEU continues to expand into new jurisdictions, market sectors, and opportunities ISXFEU is likely to require extension of its technology platforms, systems and ecosystems, including new functions, features, interfaces and designs. ISXFEU deploys extensive in-house and external testing and is usually required to obtain third party certification or assessment. Despite this, its technology platforms, systems and ecosystem may fail, leading to outages, errors, loss of revenue and possibly damages.

12.2.3 A substantial portion of ISXFEU's revenue is dependent on its continued membership in international payment schemes.

The vast majority of the transactions ISXFEU processes are through international payment schemes. In order to access these international payment schemes to provide merchant acquiring and issuer processing services, ISXFEU must have relevant geographically based memberships required by the schemes. ISXFEU is a principal member of Mastercard, American Express, JCB, and Diners Club/Discover as an acquirer, and the SEPA as an instant, credit and debit transfer participant. As a result, ISXFEU's business may be adversely affected if it were to lose membership status in one or more of the payment schemes for any reason.

As part of ISXFEU's registration with its member payment schemes its merchant solutions customers are subject to detailed operating rules, including mandatory IT systems requirements that could subject ISXFEU and its merchant solutions customers to a variety of fines and penalties for breaches of those operating rules, as well as suspension and termination of its membership in the event of significant breaches. ISXFEU could lose its principal membership status in these payment schemes for a variety of reasons, including as a result of a significant cyber security breach.

Any material fines or other sanctions imposed on ISXFEU, particularly if they result in it ceasing to provide services through a particular payment scheme, whether temporarily or permanently, could significantly adversely affect its reputation and have a material adverse effect on its business, operating results, and financial condition.

In particular, all payment scheme rules to which ISXFEU is subject, as well as certain of its issuer solutions customers require it to comply with Level 1 PCI DSS by eliminating identified security control deficiencies. ISXFEU cannot be certain that it will be able to address all new security issues that arise in a manner that will ensure its continued PCI DSS compliance. Any temporary or longer-term inability to maintain PCI DSS certification could adversely impact ISXFEU's ability to procure new issuer or merchant solutions customers and retain existing customers and could result in its suspension from membership with payment schemes or termination of existing processing agreements, all of which would have a material adverse effect on its business and future financial performance.

Payment scheme rules are established, interpreted, enforced, and changed from time to time by each scheme as it may determine in its sole discretion and with or without advance notice to its participants. ISXFEU must comply with any changes to payment scheme rules within the required timeframe or risk being fined or otherwise penalised for violation. Any changes in payment scheme rules or standards or the way they are implemented could increase ISXFEU's cost of doing business or limit its ability to provide transaction processing or value-added services to or through its customers and have a material adverse effect on its business, financial condition, and results of operations.

Under the terms and conditions of its membership with payment schemes, ISXFEU is also liable for the non-compliance of its merchant solutions customers. Although ISXFEU has not been subject to any significant fines or penalties to date, if a merchant solutions customer of ISXFEU fails to comply with the applicable requirements of any of its member payment schemes, ISXFEU could be subject to a variety of fines or penalties that may be levied by the payment schemes. While ISXFEU is generally indemnified for any such fines against its merchant solutions customers, if ISXFEU cannot collect such amounts from the applicable customer, it could end up bearing such fines or penalties, resulting in lower earnings for ISXFEU, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.2.4 ISXFEU's growth depends in part on the success of its strategic relationships with third parties.

ISXFEU anticipates that the growth of the business will continue to depend on third-party relationships. ISXFEU also intends to pursue additional relationships with other third parties. Identifying, negotiating, and documenting relationships with third parties requires significant time and resources as does integrating third-party content and technology. These third-party providers may choose to terminate their relationship with ISXFEU or to make material changes to their businesses, products, or services. ISXFEU's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce volumes in ISXFEU's platforms. In addition, these providers may not perform as expected under ISXFEU's agreements or under their agreements with customers, and ISXFEU or the customers may in the future have disagreements or disputes with such providers. While management of ISXFEU believes that there are viable alternatives for all of ISXFEU's suppliers and its arrangements with its suppliers are under long-term contracts which are typically negotiated well in advance to minimise the risk to ISXFEU and allow replacements to be sought if necessary, if ISXFEU loses access to products or services from a particular supplier, or experiences a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, it could have a material short-term adverse effect on ISXFEU's business and operating results as ISXFEU sources alternative providers and any disruption due to the transition to a new provider (particularly with respect to ISXFEU's IT infrastructure).

12.2.5 ISXFEU is dependent on third-party vendors to provide certain licences, products and services and its business and operations could be disrupted by any problems with its significant third-party vendors.

ISXFEU utilises a number of third-party suppliers and service providers to supply certain IT hardware, software and other components used in the development and operation of ISXFEU's services and products. ISXFEU relies upon these suppliers to produce and deliver products on a timely basis and at an acceptable cost or to otherwise meet ISXFEU's product demands. ISXFEU has in the past experienced disruptions to operations as a result of services provided by third parties. These include, for example, previous processing agreements with Worldline where certain card scheme mandated functions required to service ISX target market sectors were not supported by Worldline, and, where client fund accounts were held at third party banks such as the Kobenhaven Andelskasse which was placed into administration by the Danish Government. Technical disruptions including disruptions to its platforms resulting in downtime in the use of products may also occur as a consequence of major IT ecosystems, such as those provided by Apple Inc, change policy as they did in 2018, and blocked the use of third-party cookies with their internet browsers upon which use ISXFEU relied at the time.

Disruptions to the business, financial stability or operations of these suppliers and service providers, including due to strikes, labour disputes or other disruptions to the workforce, or to their willingness and ability to licence, produce or deliver the products and provide the services ISXFEU requires in accordance with ISXFEU's and its customers' requirements, could affect ISXFEU's ability to fulfil customer demand on a timely basis, which could materially harm its revenues and results of operations. If these suppliers and service providers were unable to continue providing their products or services in the manner expected or at all, or if they simply denied ISXFEU access to their products or services for any reason, ISXFEU could encounter difficulty finding alternative suppliers. Even if ISXFEU was able to secure

alternative suppliers in a timely manner, ISXFEU's costs could increase significantly. Any of these events could adversely affect ISXFEU's business, financial condition, results of operations and prospects.

12.2.6 The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact ISXFEU, its future results of operations and financial condition.

The extent to which COVID-19 impacts ISXFEU's financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to curtail or treat its impact, including shelter in place directives, business limitations and shutdowns, travel bans and restrictions, loan payment deferrals (whether government-mandated or voluntary), moratoriums on debt collection activities and other actions, which, if imposed or extended, may impact the economies in which ISXFEU now, or may in the future, operate. Adverse market conditions resulting from the spread of COVID-19 could materially adversely affect its business.

The COVID-19 pandemic could cause ISXFEU's third-party service providers to shut down their business, experience security incidents that impact ISXFEU's business, delay or disrupt performance or delivery of services or experience interference with the supply chain of hardware required by ISXFEU's systems and services, any of which could materially adversely affect its business. Further, the COVID-19 pandemic has resulted in its employees and those of many of its customers working from home and conducting work via the Internet, and if the network and infrastructure of Internet providers becomes overburdened by increased usage or is otherwise unreliable or unavailable, its employees' and its customers' employees' access to the Internet to conduct business could be negatively impacted. Limitations on access or disruptions to services or goods provided by or to some of its suppliers upon which its platform and business operations relies could interrupt its ability to provide its platform, decrease the productivity of its workforce and significantly harm its business operations, financial condition, and results of operations. In addition, ISXFEU's technology platforms and the other systems or networks used in its business may experience an increase in attempted cyber-attacks, targeted intrusion, ransomware, and phishing campaigns seeking to take advantage of shifts to employees working remotely using their household or personal Internet networks as a result of the COVID-19 pandemic. The success of any of these unauthorised attempts could substantially impact its technology platforms, the proprietary and other confidential data contained therein or otherwise stored or processed in its operations, and ultimately its business.

Additionally, diversion of management focus to address the impacts of the COVID-19 pandemic could potentially disrupt its operating plans. There is a risk that there will be major continued limitations on travel due to the pandemic, which in turn may limit the ability of ISXFEU to properly control its activities through senior management, impact its ability to access new markets, and may limit its ability to communicate effectively with regulators, suppliers, and customers. The extent and continued impact of the COVID-19 pandemic on its business will depend on certain developments, including: the duration and spread of the outbreak; government responses to the pandemic; the impact on customer, industry, or employee events; and the effect on its partners, merchants and their customers, third-party service providers, customers, and supply chains, all of which are uncertain and cannot be predicted.

To mitigate the impact of any pandemic, ISXFEU has a pandemic response plan that has been approved by the major card schemes and ISXFEU's key regulators. ISXFEU requires as part of its policy that key suppliers also have a similar pandemic response plans. There is no guarantee that ISXFEU's key suppliers will develop a sufficient pandemic response plan, or any plan at all. This may affect the approval ISXFEU has obtained for its plan.

12.2.7 Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect ISXFEU's financial condition and results of operations.

Future changes in accounting standards, pronouncements or interpretations could require ISXFEU to change its financial policies and procedures. The materiality of such changes is difficult to predict, and such changes could materially impact how ISXFEU records and reports its financial condition and results of operations.

Additionally, ISXFEU's assumptions, estimates and judgments related to complex accounting matters could significantly affect its financial results. IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to its business, including, but not limited to, revenue recognition, impairment of long-lived assets, leases and related economic transactions, intangibles, self-insurance, income taxes,

property and equipment, litigation and equity-based compensation are highly complex and involve many subjective assumptions, estimates and judgments by it. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by ISXFEU (i) could require it to make changes to its accounting systems to implement these changes that could increase its operating costs and (ii) could significantly change its reported or expected financial performance.

12.2.8 ISXFEU is exposed to risks relating to its ability to manage ongoing changes to and expansion of its technology systems.

ISXFEU's operations are dependent on its technology platform and global payments network, which are subject to constant change and upgrades in line with technological developments and industry practice, including as a result of mandatory payment scheme and regulatory changes as well as in line with product and service innovation. A delay in the completion of projects, including an unsuccessful migration of a service or platform, could result in interruption of service, create reputational or relational risks for ISXFEU with its clients and adversely affect ISXFEU's ability to execute its strategy. There is also a possibility that ISXFEU's clients will use the migration as a reason to renegotiate their contracts to their benefit or to invite other companies to tender for their business, which could have an adverse impact on the profitability of the business.

There is a further risk that regulatory, or payment scheme rule changes could require additional changes or modifications to be made to ISXFEU's systems, which could increase the amount of work required and cause further delays. If ISXFEU is unable to manage upgrades, developments or changes within its technology systems and networks, its business could be subject to operational disruption, reputational damage, regulatory scrutiny, and significant additional costs which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

In addition, a system error or outage could have an adverse effect on ISXFEU's business, financial performance, and operations. Not only would we suffer damage to our reputation in the event of a system error or outage, but we may also be liable to third parties. Events that could cause system interruptions include fire, natural disaster, unauthorised entry, power loss, telecommunications failure, computer viruses, terrorist acts and war. Events of this nature may cause us to lose critical data or experience system failures. Errors may be due to any of erroneous software algorithms, incorrect or corrupted data, glitches, or interruptions to communications.

12.2.9 Hackers.

ISXFEU relies on the availability of its website to provide services to customers. Hackers could render the website unavailable. Whilst ISXFEU takes reasonable precautions, such as ensuring that services will be audited to and comply with the EBA's Cloud based services Guidelines, Level 1 PCI DSS and ISO27001, ISXFEU may be a target for hackers. Actual or perceived security vulnerabilities in ISXFEU's services or any breaches of its security controls and unauthorized access to a customer's data could harm the business and operating results.

12.2.10 Errors from manual systems.

Non-compliance with manual systems and processes, or human error in manual processing, may expose our business to operational risks including process error and system failure, and regulatory non-compliance, and may result in loss or damage to our business or our merchants. In particular, our payments business depends heavily on the reliability of our processing systems and data quality.

12.2.11 ISXFEU's services must integrate with a variety of operating systems, software, hardware, and web browsers.

If ISXFEU is unable to ensure that its services interoperate with various operating systems, software, hardware and web browsers, its business may be materially and adversely affected.

ISXFEU is dependent on the ability of its products and services to integrate with a variety of operating systems, software, and hardware, such as web browsers that it does not control. Any changes in these systems that degrade the functionality of ISXFEU's products and services, impose additional costs or requirements on it, or give preferential treatment to competitive services, including their own services, could materially and adversely affect usage of ISXFEU's products and services. In addition, system integrators may show insufficient appetite to enable ISXFEU's products and services to integrate with a variety of operating systems, software, and hardware. In the event that it is difficult for ISXFEU's

merchants to access and use its products and services, for example, in case of incompatibility of their software and/or hardware with ISXFEU's APIs, its business, financial condition, results of operations and prospects may be materially and adversely affected.

12.2.12 ISXFEU may be unable to adequately protect or enforce its intellectual property rights against third parties.

The protection of such intellectual property, including ISXFEU's patents, platforms, trademarks, copyrights, domain names, designs, and trade secrets, is important to the success of its business. ISXFEU seeks to protect its intellectual property rights by relying on applicable laws and regulations in the relevant markets, as well as a variety of administrative procedures. ISXFEU also relies on contractual restrictions to protect its proprietary rights when offering or procuring products and services, including confidentiality and invention assignment agreements entered into with its employees and contractors and confidentiality agreements with parties with whom it conducts business. Any failure to adequately protect or enforce ISXFEU's intellectual property rights, or significant costs incurred in doing so, could diminish the value of its intangible assets and materially and adversely affect its business, financial condition, and results of operations.

As the number of products in the technology and payments industries increases and the functionality of these products further overlaps, ISXFEU may become increasingly subject to the risk of intellectual property infringement and other claims. ISXFEU's failure to obtain necessary licence or other rights, or litigation or claims arising out of intellectual property matters, may materially and adversely affect its business, financial condition, and results of operations.

ISXFEU relies heavily for its success on its ability to obtain and maintain patent protection for its technology. ISXFEU has granted and pending patent applications (Intellectual Property Rights) covering major markets which present commercialisation opportunities. The prospect of attaining patent protection for products and the technology such as those proposed is highly uncertain and involves complex and continually evolving factual and legal questions. These include:

- legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect ISXFEU's ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent may be significantly less than the scope of protection sought by ISXFEU. As a result, ISXFEU's patent application may not proceed to issued patents and, if issued, may not be of commercial benefit to ISXFEU, or may not afford ISXFEU adequate protection from competing products; and
- since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, ISXFEU cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent applications for such inventions were the first to be filed.

Even if, and where, ISXFEU has succeeded in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

12.2.13 Alleged infringement of third-party intellectual property rights.

If a third party accuses ISXFEU of infringing its intellectual property rights or if a third party commences litigation against ISXFEU for the infringement of patent or other intellectual property rights, ISXFEU may incur significant costs in defending such action, whether or not it ultimately prevails. Costs that ISXFEU incurs in defending third party infringement actions would also include diversion of management and technical personnel time.

In addition, parties making claims against ISXFEU may be able to obtain injunctive or other equitable relief that could prevent ISXFEU from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against ISXFEU, it may be required to pay damages and obtain one or more licences from the prevailing third party. If it is not able to obtain these licences at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licences could prevent ISXFEU from commercialising available products and could cause it to incur substantial expenditures.

12.2.14 Industry regulation

If ISXFEU cannot keep pace with rapid developments and change in its industry and provide new services to its clients, the use of its services could decline, reducing its revenue and profitability.

ISXFEU has designed, built, tested, and received third party certification for its payment processing, core banking and interbank networking solutions.

ISXFEU's product provides a unique market proposition in providing real time CDD, which is a significant differentiator to historical database checks and authentication services. The ISXFEU product is also able to extend its market by offering a cross border service. Notwithstanding this, the industry in which ISXFEU operates is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than ISXFEU. Numerous entities around the world may compete with ISXFEU's efforts to commercialise products that may compete with ISXFEU's products. ISXFEU's competitors may develop products in advance of ISXFEU, that are more effective than those developed by ISXFEU or have greater market acceptance. As a consequence, ISXFEU's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.

ISXFEU may also face new competitive pressure from both non-traditional payments processors and other parties entering the regulated merchant payments industry, such as PayPal, Google, Apple, WeChat, Alibaba/Alipay, M-Pesa and Amazon, and in some cases payment schemes that are launching competing products. Although ISXFEU intends to work with some of these parties, these companies have significant financial resources, consumer awareness and scale and may introduce new products and services and may compete in one or more of the functions performed in processing digital payments transactions or otherwise disrupt the current payments processing value chain. In addition, payment schemes' ability to modify and enhance their rules at their sole discretion may provide them with an advantage in selling or developing their own services that may compete directly or indirectly with ISXFEU's services. If these companies gain a greater share of total digital payments transactions or if ISXFEU is unable to successfully react to changes in the industry spurred by the entry of these new market participants, it could have a material adverse effect on its business, financial condition, and results of operations.

In addition to non-traditional payments processors, the digital payments market in which ISXFEU operates is characterised by rapid technological change, new product, and service introductions, including eCommerce services, mobile payments applications, alternative payments systems, pre-paid services, evolving industry standards, changing consumer needs and the entrance of non-traditional competitors. In order to remain competitive in this rapidly evolving market, ISXFEU regularly initiates a number of projects to develop new and innovative services, such as Online Gateway and QR payments, or integrates services into its platforms including, for example Paydentity™, ISXPay®, ISXMoney®, Probanx® and flykk®. These projects carry the risks associated with any development effort, including cost overruns, delays in delivery, performance problems and lack of market acceptance of new or innovated services. Any delay in the delivery of new services or the failure to differentiate ISXFEU's services or to accurately predict and address market demand could render its services less desirable to its clients, or possibly even obsolete. ISXFEU may also face difficulties in installing or integrating its new or innovated services on the platforms used by its customers or maintaining these services at the required level on an ongoing basis. Further, as the market for alternative payments processing products and services evolves, it may develop too rapidly or not rapidly enough for ISXFEU to recover the costs it has incurred in developing new products and services.

In addition, the new or innovated services ISXFEU develops are designed to process complex transactions and provide information on those transactions, all at very high volumes and processing speeds. Any failure to deliver an effective and secure service, or any performance issue that arises with a new or innovated product or service, could result in significant processing or reporting errors or other losses. Because of these factors, ISXFEU's development efforts could result in increased costs that could reduce its profitability in addition to a loss of revenue if promised new products are not delivered in a timely manner or do not perform as anticipated.

Although eCommerce and engagement with eMoney are important elements of ISXFEU's strategy, it cannot make any assurances that such markets or ISXFEU's services in these markets will develop as quickly or as successfully as currently expected. Moreover, if ISXFEU fails to introduce products or services on a timely basis, this could also impact ISXFEU's competitive position. If these markets do not develop as expected, ISXFEU's development efforts could result in increased costs that could reduce its profitability in addition to a loss of revenue if new products do not perform as expected. If any of the above were to occur, it could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.2.15 The digital payments industry is highly competitive, and ISXFEU competes with certain firms that are larger and that have greater financial resources than it does.

ISXFEU has a number of competitive advantages, including being one of the very few hybrid eMoney issuers and card PSPs in the EEA, with further advantages due to its RegTech stack, including Paydentity™.

However, the digital payments industry is highly competitive. ISXFEU competes with other providers of digital payments services, some of which have significant resources and are present in the markets in which ISXFEU operates. It also faces potential competitive pressure from banks and non-traditional payments processors and other market participants that have significant financial resources. Such competition could adversely affect the transaction fees and other fees ISXFEU receives from merchants and financial institutions.

ISXFEU competes in a relatively fragmented market, with a range of global, regional, and country-specific competitors. ISXFEU's principal card acquiring solutions competitors in the EEA also include global players such as Worldline, Paysafe, FIS (WorldPay), Safecharge and Adyen, regional players such as Credorax, eMerchantPay, Clearhaus, CardPay and country-specific players, as well as insourced operations at banks. In addition, the competition faced by ISXFEU may increase as a result of consolidation within the industry. For example, in March 2019, FIS announced its intention to acquire Worldpay, and more recently Fiserv's July 2019 acquisition of First Data, and in February 2020, Worldline SA announced the acquisition of Ingenico.

ISXFEU's eMoney competitors include Paysafe Ltd (NYSE: PSFE) owned Neteller and Skrill, and Paypal Holdings Inc (Nasdaq: PYPL). It also competes with Trustly Group AB in respect of 'open banking' SEPA payments, and to a lesser extent with card acquiring companies such as Nuvei Corp (TSX: NVEI).

Paypal poses a particular risk to ISXFEU because they offer card processing and eMoney facilities that are similar to ISXFEU's. Furthermore, Paypal has an in-house only service comparable to Paydentity™ that may cause ISXFEU to lose market share if ISXFEU is unable to provide a better service. Both Paypal and ISXFEU hold patents for their payment instrument verification methods, however, ISXFEU cannot guarantee that this will ensure that it will be able to continue to acquire new customers or prevent competitors from decreasing its existing customer base.

ISXFEU may face new competitive pressure from both non-traditional payments processors and other parties entering the payments industry. See also **section 12.2.14**.

Certain of ISXFEU's competitors may have substantially greater financial, technological, and marketing resources than it does or, in the case of certain markets, greater local knowledge and presence. In addition, its competitors that are banks, financial institutions or entities that are affiliated with financial institutions may not incur the costs ISXFEU incurs for registration with certain payment schemes. Accordingly, these competitors may be able to offer more attractive pricing to ISXFEU's current and prospective clients or other services that it does not provide. Competition could result in a loss of existing clients, and greater difficulty attracting new clients, particularly because of potential disadvantages associated with switching payments processing vendors, such as transition costs, business disruption and loss of accustomed functionality. Furthermore, if competition causes ISXFEU to reduce the fees it charges in order to attract or retain clients, there is no assurance it can successfully control its costs in order to maintain its profit margins. One or more of these factors could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.2.16 ISXFEU is influenced by regulation, and any new laws and regulations or industry standards, or revisions made to existing laws, regulations, or industry standards, affecting the digital payments industry and other industries in which it operates may have an unfavourable impact on its business, financial condition, and results of operations.

ISXFEU's business is impacted by laws, regulations and standards that affect it and its industry in the countries in which it operates. In addition, the number of new and proposed regulations affecting the payments business has increased significantly in recent years.

Moreover, ISXFEU is affected by laws, regulations, and guidelines in its other principal markets, principally including the EEA and United Kingdom. Both have regulatory frameworks for their payments industries, for example through FCA and the Bank of England in the case of the United Kingdom and through the European Banking Authority,

Bank of Lithuania, Central bank of Cyprus and European Central Bank for the EEA. While ISXFEU has taken steps to ensure compliance with current legislation and prepares for the implementation of possible future legislation, these frameworks or others could prevent ISXFEU from pursuing certain opportunities or could force ISXFEU to incur additional costs in reformatting or encrypting customer data, establishing new data centres, or otherwise, thereby decreasing ISXFEU's profitability. Failure to comply with regulations or guidelines may result in the suspension or revocation of registration, the limitation, suspension or termination of service, and the imposition of civil and criminal penalties, including substantial fines, or may cause customers or potential customers to be reluctant to do business with ISXFEU, any of which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

Changes to applicable rules and regulations, or interpretation or enforcement thereof, even if not directed at ISXFEU, may require significant efforts to change its systems and products and may require changes to how it prices its services to customers, adversely affecting its business. Even an inadvertent failure to comply with laws and regulations could damage ISXFEU's business or its reputation. Furthermore, ISXFEU is subject to tax laws in Cyprus and in certain jurisdictions outside of Cyprus where it conducts business, see also **section 12.2.19**. Changes in such laws or their interpretations could also reduce ISXFEU's after-tax profit.

12.2.17 ISXFEU is subject to certain economic and trade sanction laws and regulations as well as anti-money laundering laws and regulations, and if it fails to comply, it could be exposed to fines, sanctions and other penalties or governmental investigations, which may impact its business.

ISXFEU is subject to a wide range of anti-money laundering laws and regulations and trade and economic sanctions programmes. If ISXFEU is found to have failed to comply with any of these laws, it may be exposed to material fines, sanctions and other penalties or governmental investigations. Although ISXFEU seeks to fully comply with trade and economic sanctions programmes and anti-money laundering laws and regulations that may be applicable to it, there is a possibility that it may indirectly and/or inadvertently conduct business with financial institutions and/or payment schemes that may have customers in or operate in countries (such as Iran and Syria, where ISXFEU has no operations or customers) or whose nationals may engage in transactions in countries that are the targets of sanctions by the Cypriot government, or the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, the US Department of State, the EU's Common Security and Defence Program, Her Majesty's Treasury (UK), Australia's Department of Foreign Affairs and Trade and similar regulators in other countries.

Although ISXFEU has policies and procedures that it believes are sufficient to comply with currently applicable anti-money laundering, anti-corruption and sanctions rules and regulations, and best practices, it cannot guarantee that such policies and procedures completely prevent situations of money laundering or corruption, including actions by ISXFEU's employees, agents, merchants, third-party suppliers, or other related persons for which ISXFEU might be held responsible. Such events may have severe consequences, including litigation, sanctions, administrative measures, fines, criminal penalties, and reputational consequences, which could have a material adverse effect on ISXFEU's business, financial condition, and results of operations. A failure to adopt effective measures against fraud, money laundering, corruption and terrorism financing may lead to regulatory proceedings, penalties by supervisory authorities and/or civil and criminal actions in courts.

12.2.18 ISXFEU's payment platforms may be used for illegal or improper purposes, and ISXFEU may be subject to penalties or legal or regulatory actions and reputational damage.

ISXFEU's payments platforms may be subject to potentially illegal or improper uses, including money laundering, terrorist financing, circumvention of sanctions, illegal online gambling, fraudulent sales of goods or services, illicit sales of prescription medications or controlled substances, piracy of software, movies, music, and other copyrighted or trademarked goods (in particular, digital goods), bank fraud, child pornography, human trafficking, prohibited sales of alcoholic beverages or tobacco products, online securities fraud, or to facilitate other illegal activity. Certain activities that may be legal in one country may be illegal in another country, and a merchant may intentionally or inadvertently be found responsible for importing or exporting illegal goods, which may result in liability for ISXFEU. Changes in laws have increased the penalties for intermediaries providing payments services for certain illegal activities and additional payments-related proposals are under active consideration by government authorities. In addition, ISXFEU may be held liable by merchants or payment schemes or other related third parties arguing that any failure to prevent the use of ISXFEU's payments services for illegal purposes constitutes a breach of ISXFEU's duty of care vis-à-vis such merchants or third parties. Intellectual property rights owners or government authorities may seek to bring legal or regulatory action

against providers of payments solutions, including ISXFEU, that are peripherally involved in the sale of infringing items. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume or increased costs may materially and adversely affect ISXFEU's business, financial condition, and results of operations.

12.2.19 Changes in tax laws or their interpretations or becoming subject to new taxes in the UK or the EEA (Cyprus) that cannot be passed through to ISXFEU's merchants, could reduce its profitability.

ISXFEU continues to engage with relevant tax authorities across its jurisdictions of operation. As ISXFEU operates in a number of markets (through its legal presence or customer relations), the application of tax laws can be subject to a degree of uncertainty and interpretive discretion by tax authorities. Accordingly, ISXFEU may be subject to additional material tax assessments in the future, and which may also be subject to lengthy audit and review processes.

Changes in tax laws or in their interpretation or increases in ISXFEU's effective tax rates due to shifts in ISXFEU's geographic mix could decrease the profitability of ISXFEU and have a material adverse impact on its business, financial condition, and results of operations.

12.2.20 ISXFEU is subject to the risks of political, social, and economic instability associated with the markets in which it operates and serves its customers.

ISXFEU is headquartered in Nicosia (Cyprus), with operations centres in Melbourne, (Australia), Vilnius, (Lithuania) and London, (UK), and sales offices in Sydney, (Australia), Amsterdam, (the Netherlands), Tel-Aviv, (Israel) and Valetta, (Malta), and its growth strategy is focused on these regions.

ISXFEU has been approved by the UK's FCA as a Temporary Passporting participant, this approval is effective until December 31, 2022. ISXFEU has also established an FCA authorised electronic money institution business within the UK, being ISXUK, effectively mitigating Brexit regulatory risk.

Investors should also note that ISXFEU's business could be adversely affected by political, economic, or related developments both within and outside the EEA region because of inter-relationships within the global financial markets.

The majority of our staff and day to day management, decisions, and actions are executed or coordinated via our Cyprus office by our Cypriot staff, with approximately 80 of our 120 plus staff located in Cyprus. The Chairman, Mr Taoushanis and Executive Director, Mr Melo are resident in Cyprus, and the ISXFEU Managing Director maintains a residence in Cyprus and will relocate permanently to Cyprus once Australian COVID travel restrictions are relaxed. The proposed ISXFEU Directors Mr Poulos and Mr Pegasiou are Cypriot resident and Mr Barnes is a UK resident. Group Compliance is in the UK, with Treasury, AML and Operational risk functions in Cyprus.

Significant political, social, and economic instability in one or more of ISXFEU's markets could have a material adverse effect on ISXFEU's business, financial condition, and results of operations.

12.3 Regulatory and legislative change.

ISXFEU assists their customers with complying with their AML and CTF obligations in relation to future legislative changes concerning AML and CTF legislation.

12.3.1 Government metadata tracking.

Government agencies may seek to access sensitive information that is generated by the ISXFEU systems. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of services by users and create burdens on the business. Moreover, regulatory investigations into ISXFEU's compliance with privacy-related laws and regulations could increase our costs and divert management attention.

12.3.2 ISXFEU is subject to financial services regulatory risks, including regulatory licencing risks.

eMoney regulations are subject to frequent amendments and are likely to change across the multiple jurisdictions where ISXFEU operates. The risks associated with changing eMoney regulations may require ISXFEU to retain advice from local legal counsel which may increase the cost of doing business in those areas. Furthermore, ISXFEU may decide that to mitigate risks, it is best to limit the extent of its operations in a particular jurisdiction which may reduce ISXFEU's ability to expand its operations. Local eMoney regulations may also require ISXFEU to apply for licences. It is possible that obtaining licences may increase the cost of doing business, delay ISXFEU's growth, or prevent ISXFEU from operating in a jurisdiction entirely, if a licence is not granted.

If ISXFEU were found to be in violation of any current or future regulations, or to have previously been in breach of any regulation, in any countries from which it accepts merchants or customers or were to lose any authorisation from the Central Bank of Cyprus or the UK's Financial Conduct Authority, it may be required to seek additional licences and to comply with local regulations, which could lead to increased compliance costs and/or significant loss of revenue. In addition, ISXFEU, ISXFEU Directors or management or employees may also be exposed to a financial liability, civil or criminal liability, forced to change business practices or forced to cease doing business with merchants or customers in one or more of those countries or have funds held on behalf of a particular merchant or customer seized, which may have a material adverse effect on ISXFEU's results of operations, financial condition, and future prospects. In addition, if ISXFEU decided to expand internationally, it may incur additional costs of obtaining licences in those jurisdictions in which it chooses to have a presence. Such costs could have a material adverse effect on ISXFEU's results of operations and financial condition.

Despite a successful onsite audit of ISX during November 2019, Visa Inc alleged in 2020 that ISXFEU had systemic AML failures and weaknesses after conducting a limited desktop review of selected merchants and ISXFEU processes, which did not include interviews or discussions with ISX personnel. Following the Visa membership termination in mid-May 2020, Mastercard International and Nexia Poyiadjis (Internal Auditor) both conducted independent on-site audits, including extensive interaction with key risk, AML, treasury and operations staff, and found no evidence of systemic failures and weaknesses as alleged by Visa. The Mastercard and Nexia audits identified areas of improvement, with no area being flagged as "non-compliant" according to AML regulations. ISXFEU has since implemented the recommendations from Mastercard and Nexia.

12.3.3 ISXFEU may be affected by sections 1471-74 of the United States Internal Revenue Code of 1986, as amended ("FATCA") and other cross border automatic exchange of information provisions.

In light of FATCA, certain non-US financial institutions (**FFIs**) are required to register with the Internal Revenue Service (IRS) to obtain a Global Intermediary Identification Number (**GIIN**) and comply with the terms of FATCA, including any applicable intergovernmental agreement (**IGA**) and any local laws implementing such agreement or FATCA. Based on the current operations and business activities of ISXFEU, including the flykk business, ISXFEU has registered itself and certain subsidiaries with the IRS. ISXFEU may be required to register certain other subsidiaries ISXFEU as FFIs and will therefore be required to register with the **IRS** to obtain a further GIIN. ISXFEU will be required to comply with the terms of any applicable IGA. Failure to comply with FATCA (including as the same may be implemented under the terms of any applicable IGA) could subject certain payments of US source fixed, determinable, annual, or periodical income made to ISXFEU to a 30 percent FATCA withholding tax. Further, as FFIs, ISXFEU (and/or certain specific entities within ISXFEU) would need to perform diligence on their existing and new customers, provided that their account balances reached certain thresholds, including obtaining self-certifications regarding the account holder's citizenship or tax residence in the United States. They would then be required to report certain information about their US accountholders to either the IRS or their local tax authorities (which will in turn provide such information to the IRS). This reporting requirement could potentially dissuade customers from doing business with ISXFEU.

12.4 Risks Related to the Offered ISXFEU Shares

12.4.1 ISXFEU may require additional financing in the future, which may not be available to it on commercially reasonable terms, or at all.

ISXFEU may seek to raise additional financing in the future through public or private debt or equity financings as part of its growth strategy or as a result of unanticipated changes to its regulatory or competitive environment. ISXFEU cannot predict the size or price of future issuances of ISXFEU Shares or the size or terms of future issuances of debt instruments or other securities convertible into ISXFEU Shares.

Any future equity financing could lead to dilution for existing ISXFEU Shareholders. Any additional financing may not be available on favourable terms or at all or may be subject to covenants or other restrictions, which could adversely affect ISXFEU's ability to execute its strategy and pay dividends to ISXFEU Shareholders, as well as have a material adverse effect on ISXFEU's business, financial condition, results of operations and prospects. ISXFEU cannot predict the effect, if any, that future issuances and sales of ISXFEU's securities will have on the market price of the ISXFEU Shares. Sales or issuances of substantial numbers of ISXFEU Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the ISXFEU Shares. With any additional sale or issuance of ISXFEU Shares, or securities convertible into ISXFEU Shares, investors will suffer dilution to their voting power and ISXFEU may experience dilution in its earnings per share.

12.4.2 Public companies are subject to securities class action litigation risk.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If ISXFEU faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm its business.

13. Material Contracts

13.1 Payment Scheme Licences

ISXFEU is a Principal Member of, and has entered into the standard regulated arrangements for EU and UK regulated entities with the following schemes:

- Mastercard International - UK and European Economic Area, based upon interchange fees regulated by the European Central Bank.
- Japan Credit Bureau - UK and European Economic Area, based upon their standard European interchange fees.
- Diners Discover International – global excluding USA, based upon their standard European interchange fees.
- European Payment Council SEPA scheme, with fees charged based upon the Bank of Lithuania's standard fee schedule for payment service providers.
- Pay.UK Scheme for Faster Payments Service and BACS, with fees as published by the scheme.
- SOFORT - European Economic Area, based upon their standard European interchange fees.

13.2 Central Bank Accounts

ISXFEU has entered into standard arrangements available to prudentially regulated entities for a settlement account denominated in EUROS (€) with the (Central) Bank of Lithuania

13.3 Convertible Note to ISX

On 30th August 2021, ISXFEU issued a convertible note to ISX, under which ISX advanced AUD\$6.6 million to ISXFEU. ISXFEU can elect to repay the loan in part or in whole at any time over the period of 10 years. In the absence of a subsisting event of default, ISX has no right to require early repayment. ISX has a right to convert the loan or interest (or part of it) into ordinary ISXFEU Shares at any time (to the extent that the loan has not been repaid). The conversion period commences on the fifth anniversary of 30th August 2026 and ends on the maturity date. The conversion date must be between 10 and 60 business days after the date of the conversion notice (unless otherwise agreed by the parties). If ISXFEU is a listed company at that time, conversion would occur at a price equal to the volume weighted average price of the ISXFEU Shares traded on the securities exchange over the three months prior to conversion (for such number of ISXFEU Shares that reflects the exchange rate on the conversion date). If ISXFEU is not listed on a securities exchange, conversion would occur at a fair market price determined by an independent valuer agreed upon by the parties. Interest is payable on the principal sum of the loan and accrues quarterly in arrears at 1% above the Reserve Bank of Australia cash rate expressed on a per annum basis.

The key terms of the convertible note are summarised below:

Date of Convertible Loan Deed	30 th August 2021
Principal Sum	AUD \$6.6 million (AUD Principal Sum)
Interest Rate	In respect of the AUD Principal Sum, the rate that is 1% above the Reserve Bank of Australia's cash rate expressed on a per annum basis.
Maturity Date	The 10 th anniversary of 30 th August 2021 (being the date of the Convertible Loan Deed)
Repayment	Full repayment must be made on the Maturity Date
Conversion Period	The period commencing of the fifth anniversary of 30 th August 2026 (being the date that is 5 years from the date of the Convertible Loan Deed) and ending on the Maturity Date.
Conversion	ISX may convert any interest or outstanding amount into ISXFEU Shares during the Conversion Period.
Voting and Dividends	Until Conversion occurs, ISX does not have any voting rights or rights to a dividend (or otherwise participate in the profits or property of ISXFEU).

13.4 Customers

ISXFEU's customers are not concentrated, with no customer representing more than ten percent (10%) of ISXFEU's overall annual revenues. ISXFEU's customers include businesses in retail, gaming, video gaming, financial services including securities/brokerage and banking, and technology.

Key Platform Partners include the following which we anticipate may become material:

- Playtech PLC (LON: PTEC)
- WIX Ltd (NASDAQ: WIX) [European operations of Wix only]
- Worldline SA (EPA: WLN) [Devcode]



(NASDAQ: WIX)

Integrated 2021



(LON: PTECH)



Worldline (EPA: WLN)

Integrated 2018
Updated 2020



Integrated 2018



MetaTrader 4



A sample of our customers includes.

William Hill PLC (LON WMH) subsidiaries Mr Green and Evoke, Kreda Credit Union, Société Générale Bank (Cyprus), Wittix, Wanfutang Bank, Management Financial Group (MFG), Payoma, National Stock Exchange of Australia and Payoma.




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14. Additional Information relating to ISXFEU

14.1 Rights Attaching to ISXFEU Shares

The following is a broad summary of the more significant rights, privileges and restrictions attaching to all ISXFEU Shares post-Demerger. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of ISXFEU Shareholders. Details of the rights attaching to ISXFEU Shares are set out in the Companies Law, and the ISXFEU's articles of association (**Articles of Association**) and shareholders of Cyprus companies have other common law rights. A copy of ISXFEU's articles of association can be inspected, free of charge, at ISXFEU's registered office during normal business hours or online at www.isx.financial/constitution.

14.1.1 Recognised shareholding/Pledges

Subject to the Companies Law, ISXFEU does not recognise a person holding ISXFEU Shares on trust and is not bound or compelled to recognise (even when having notice of such shareholding) any equitable, contingent, future or partial interest in any ISXFEU Share or any interest in any fractional part of an ISXFEU Share or (except as provided by the ISXFEU Articles of Association) any other rights in respect of any ISXFEU Share except an absolute right to the entirety in the registered holder.

Despite the above and subject to the Companies Law, ISXFEU may choose to recognise the existence of a trust on any ISXFEU Share even if it cannot register it in its register of members.

Any pledge over ISXFEU Shares must be registered in the register of members of ISXFEU.

14.1.2 General meetings

ISXFEU Shareholders are entitled to be present in person, remotely via telecommunications, or by proxy, attorney or representative to attend and vote at general meetings of ISXFEU¹¹.

ISXFEU Shareholders may requisition meetings in accordance with section 126 of the Companies Law and the Articles of Association.

ISXFEU Shareholders' Right to Call a Meeting

ISXFEU Directors are obliged to convene an extraordinary general meeting, if it is requested by:

- members of ISXFEU holding at least 10% of the paid-up capital of ISXFEU.

ISXFEU Directors must convene the extraordinary meeting within 21 days from the date of deposition of the requisition by the members. If they fail to convene that meeting within the period of 21 days, the members (or any one of them) who requisitioned the meeting may convene the meeting themselves.¹²

Furthermore, the court has the discretion to convene that extraordinary meeting, either itself, or after the submission of an application by a member to the court, requesting the convening of the meeting.

Notice¹³

For every general meeting to be convened, adequate notice must be given to its members. Indicatively, the following are the minimum notice periods required for convening general meetings:

- annual general meeting: at least 21 clear days.
- general meeting called for the passing of a special resolution: at least 21 clear days.
- extraordinary general meeting: at least 14 clear days (subject to the Companies Law).
- resolutions requiring special notice (appointment of new auditor/removal of ISXFEU Director): at least 28 clear days; and
- where articles of association provide for shorter notice periods than the aforementioned, these provisions are not valid.¹⁴

¹¹ Companies Law sections 130 and 133, Deleted as this is a reference to the provisions of the model articles set out in Part A of the Companies Law, which do not apply to ISXFEU

¹² Companies Law CAP 113, sections 126, 127, Deleted as these sections apply only to listed companies

¹³ Companies Law, sections 126, 127.

¹⁴ Companies Law, section 127 (1)

The above minimum notice periods can be waived in the following manner, with a shorter notice period agreed:

- for an annual general meeting, by all the members entitled to attend and vote at the meeting¹⁵;
- for any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the ISXFEU Shares giving that right¹⁶.

Information

Notices of meetings are given in accordance with the provisions of the Companies Law and the Articles of Association, and these require the notice to specify the date, place and hour of the general meeting.

Where and how the complete documents and draft resolutions can be obtained

Complete documents and draft resolutions are sent out to each shareholder with the notice convening the general meeting and in the case of ISXFEU can be obtained from the ISXFEU website www.isx.financial, whereby members can find the relevant information regarding the convening of meetings.

Virtual Meetings

A general meeting can be held by physical, electronic or hybrid means.

14.1.3 Voting rights¹⁷

Subject to any rights or restrictions for the time being attached to any class or classes of ISXFEU Shares, at general meetings of ISXFEU Shareholders or classes of ISXFEU Shareholders:

- each ISXFEU Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands every person present who is a ISXFEU Shareholder or a proxy, attorney or representative of a ISXFEU Shareholder has one vote: and
- on a poll, every person present who is a ISXFEU Shareholder or a proxy, attorney or representative of a ISXFEU Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each ISXFEU Share.

14.1.4 ISXFEU Shareholders' Rights to Appoint/Remove/Challenge ISXFEU Directors

- Unless otherwise required by law or any directive issued by the Eurosystem member the Central Bank of Cyprus, the minimum number of ISXFEU Directors is four and the maximum number of ISXFEU Directors is ten; and at least fifty per cent of ISXFEU Directors rounded downwards plus one ISXFEU Director shall be independent ISXFEU Directors.
- At each annual general meeting of ISXFEU one-third of ISXFEU Directors for the time being must retire from office and, if willing to act, are eligible for re-election. ISXFEU Directors to retire in every year will be those who have been longest in the office since their last election.
- ISXFEU Shareholders can appoint an ISXFEU Director by passing an ordinary resolution.
- The Articles of Association provides power to ISXFEU Directors to appoint other ISXFEU Directors if a vacancy needs to be filled or an additional ISXFEU Director needs to be appointed and any ISXFEU Director so appointed will hold office until the next annual general meeting (and be eligible for re-election).
- Pursuant to the Companies Law, ISXFEU Shareholders may remove an ISXFEU Director prior to the expiry of his or her period of office, notwithstanding anything in the ISXFEU Articles of Association or in any agreement between ISXFEU and the ISXFEU Director, by passing an ordinary resolution¹⁸.
- Special notice of at least 28 clear days of any resolution to remove an ISXFEU Director must be given to ISXFEU. ISXFEU shall send a copy of that notice to the ISXFEU Director concerned. The ISXFEU Director in question has the right to be heard at the general meeting. The same notice should be given in respect of any person nominated to be appointed as a director to replace a director removed.
- Management of ISXFEU is vested with ISXFEU's Board of ISXFEU Directors. ISXFEU Shareholders do not have an explicit right to intervene in the management of ISXFEU; however, they can challenge decisions indirectly by calling a general meeting, either to decide on a particular issue (such as to resolve to prevent the ISXFEU Director(s) from taking a particular action) or to appoint and remove members of ISXFEU's Board of directors.

¹⁵ Companies Law section 127(3)(a)

¹⁶ Companies Law section 127(3)(b)

¹⁷ Companies Law section 128

¹⁸ Companies Law CAP 113, Section 178(1)

14.1.5 ISXFEU Directors - voting

Questions arising at a meeting of ISXFEU Directors will be decided by a majority of votes of the ISXFEU Directors. In the event of an equality of votes, the chairman shall have a casting vote.

14.1.6 ISXFEU Directors - remuneration

The remuneration of ISXFEU Directors is determined by ISXFEU Shareholders at a general meeting.

14.1.7 Disclosure of ISXFEU Shareholders' Interests in ISXFEU¹⁹

There is a public register of shareholders for companies incorporated in Cyprus, which is kept by the Registrar of Companies. For public companies incorporated in Cyprus, whose shares are listed on the Cyprus Stock Exchange (CSE), or in relation to companies which are regulated in another EU market (and thus shareholder interests are not contained in the public register), shareholders' disclosure obligations arise in relation to their shareholding participation. Specifically, ISXFEU Shareholders must notify ISXFEU, the Cyprus Securities and Exchange Commission and the CSE (if the shares are listed on the CSE) when their shareholding reaches, exceeds, or falls under 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75%.

Similar disclosure obligations exist under the Electronic Money Law of the Republic of Cyprus when direct or indirect shareholding exceeds or falls under 10%, 20%, 30% or 50%.

Additionally, changes in voting rights of regulated companies may be subject to further disclosure obligations, notifications or approvals by other regulating authorities, such as banks, payment institutions and investment institutions. The Company has no plans to seek admission to the CSE.

14.1.8 Dividend rights

Subject to the rights of persons (if any) entitled to ISXFEU Shares with special rights to dividends, the ISXFEU Directors may declare dividends from profits calculated in accordance with the Companies Law and may authorise the payment or crediting by ISXFEU to ISXFEU Shareholders of such a dividend. The ISXFEU Directors may from time to time pay to ISXFEU Shareholders any interim dividend that they may determine. Subject to the rights of any preference ISXFEU Shareholders (if any) and to the rights of the holders of any ISXFEU Shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable on all ISXFEU Shares according to the amount paid up, or credited as paid up, on the ISXFEU Shares, and otherwise in accordance with sections 169A to 169E of the Companies Law. Dividends cannot be paid from ISXFEU's capital.

14.1.9 Winding-up

Section 261 of the Companies Law outlines the circumstances in which a company may be liquidated voluntarily, namely:

- when the period of a company's duration, if any, (set by the articles of association of a company) expires.
- when a particular event occurs, the occurrence of which was set in the articles of association to mean the dissolution of the company; or
- when a company votes by special resolution its voluntary liquidation.
- when a company votes by extraordinary resolution that, due to its obligations, it may not continue operating and liquidation is advisable

Section 262(1) of the Companies Law provides that a copy of the notice of resolution for the voluntary liquidation that was approved by the company must be delivered to the Registrar of Companies within 15 days from its approval. The Registrar of Companies proceeds to its registration and arranges for its publication in the Official Gazette of the Republic. The voluntary liquidation date of commencement is considered to be the date of approval of the relevant resolution.

If ISXFEU voluntarily resolves to be wound up and it is not able to pay all its debts within a period of 12 months, it must convene a creditors meeting and as of that time the winding up becomes a creditor's voluntary winding up. Creditors cannot initiate a voluntary winding up but can petition for the winding up of a company pursuant to the provisions of sections 209 – 213 of the Companies Law.

¹⁹ Under the Anti Money Laundering Law, there is a requirement to disclose persons holding more than 25% of non-listed companies.

In the case that a company resolves to be wound up voluntarily but is unable to pay all its debts within a period of 12 months, ISXFEU must convene a meeting of its creditors and the winding up will then continue as a creditors voluntary winding up in which case the provisions of sections 275 to 292 of the Companies Law shall apply.

Both the members and the creditors must hold a meeting to decide upon the appointment of one or more liquidators. The creditors may also appoint an inspection committee if deemed appropriate. The liquidators shall arrange for the liquidation of ISXFEU's affairs, and then send notices for the final meetings.

Under the ISXFEU Articles of Association, if ISXFEU is wound up, the liquidator may, with the sanction of an extraordinary resolution of ISXFEU and any other sanction required by law, divide amongst the members in specie or kind the whole or any part of the assets of ISXFEU (available for distribution to shareholders) (whether the assets consist of property of the same kind or not) and may, for such purpose set such value as the liquidator deems fair upon any property to be divided. The liquidator may also determine how such division will be carried out as between the members or different classes of members.

14.1.10 Purchase of own ISXFEU Shares

Subject to the Companies Law and, if required, obtaining the prior approval of the Central Bank of Cyprus, ISXFEU may purchase its own ISXFEU Shares (including any redeemable ISXFEU Shares).

14.1.11 Transfer of ISXFEU Shares²⁰

Generally, ISXFEU Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of any law that applies to ISXFEU and the transfer not being in breach of the Companies Law or the Takeover Law²¹ (once the ISXFEU Shares are listed on an EU regulated exchange).

The transferor will be deemed to remain a holder of ISXFEU Shares until the name of the transferee is entered in the register of members of ISXFEU. Subject to applicable law or the regulations of any regulated market or unregulated market to which the ISXFEU Shares, or securities are admitted for trading, the registration of transfers of ISXFEU Shares or of any class of ISXFEU Shares may be suspended whenever the ISXFEU Directors determine, provided that such registration will not be suspended for more than thirty days in any year.

Subject to applicable law or the regulations of any regulated market or unregulated market to which ISXFEU Shares or securities are admitted for trading (once so admitted), the ISXFEU Directors may decline to register any transfer of ISXFEU Shares which are not fully paid or ISXFEU Shares on which ISXFEU has a lien. The ISXFEU Directors may also decline to recognise any instrument of transfer unless:

- the instrument of transfer is duly stamped (if by law it is required to be stamped), is deposited at the registered office or such other place as the ISXFEU Directors may appoint accompanied by the certificate of the ISXFEU Shares to which it relates, and such other evidence as the ISXFEU Directors may reasonably require to show the right of the transferor to make the transfer.
- the instrument of transfer is in respect of any one class of ISXFEU Share: and
- in the case of a transfer to joint holders, they do not exceed four in number.

14.1.12 Issue of shares

Subject to the Companies Law, where ISXFEU Shares are issued for a cash consideration, any additional ISXFEU Shares approved to be issued and all securities which may be converted into ISXFEU Shares **may** be offered to the members in proportion (or as nearly as practical in proportion) to the number of ISXFEU Shares held by them as at a particular date specified by the ISXFEU Directors. Notice of the offer will be provided to each member with a time limit within which the member must accept the offer.

²⁰ Companies Law CAP 113, Section 71 & 73

²¹ <https://www.cysec.gov.cy/en-GB/legislation/issuers/TAKEOVERS/>

14.1.13 Variation of rights

Subject to sections 59A and 70 of the Companies Law, the rights attached to any class of ISXFEU Shares may, with the sanction of a resolution approved in accordance with section 59A of the Companies Law at a separate general meeting of the holders of ISXFEU Shares of that class, be amended or abolished.

14.2 Key differences between Australian and Cypriot company laws and regulations

As ISXFEU is not established in Australia, its general corporate activities are not regulated by the Corporations Act or by ASIC (apart from the limited operation of the Corporations Act to registered foreign companies) but instead is regulated by the laws of Cyprus including the Companies Law.

Set out below is a table summarising some of the key differences between Australian and Cyprus company laws and regulations.

Australia	Cyprus
<p>Takeovers</p> <p>The Corporations Act governs a takeover of certain listed and unlisted companies registered in Australia. The Corporations Act provides generally that a person must not acquire a 'relevant interest' in voting shares in a Company, if because of the transaction a person's voting power in ISX:</p> <ul style="list-style-type: none">Increases from 20% or below to above 20%; orIncreases from a starting point which is above 20% but less than 90%. <p>The Corporations Act set out certain exceptions which apply to these rules, such as acquisitions of relevant interests in shares where the acquisition is a creeping acquisition of not more than 3% in any six-month period.</p> <p>Takeover bids must treat all shareholders alike and must not involve collateral benefits. Various restrictions on conditional offers apply and there are also substantial restrictions on the ability of an offeror to withdraw or suspend a takeover offer. The Corporations Act also permits compulsory acquisition of outstanding securities by 90% holders.</p>	<p>Takeovers</p> <p>There are no similar provisions under the Cyprus Companies law.</p> <p>The Takeover Bids Law of 2007 (as amended) (the Takeover Law) applies in relation to Cyprus public companies with securities listed on a regulated market (an EU regulated market).</p> <p>Pursuant to the Takeover Law, a person who (together with its connected persons and parties acting in concert) acquires 30% (or more) of the securities of a public company which carry a right of vote, has an obligation to make a bid to acquire 100% of the issued shares.</p> <p>The Cyprus Securities and Exchange Commission may, in certain circumstances, grant an exception from the obligation to submit a takeover bid.</p> <p>Takeover bids must treat all shareholders alike and there are substantial restrictions on the ability of an offeror to withdraw or suspend a takeover bid.</p> <p>There are additional, specific obligations which apply in relation to changes in shareholdings in certain types of company, regardless of its listing status (for example, authorised credit institutions and electronic money institutions).</p>
<p>Compulsory acquisition</p> <p>Chapter 6A of the Corporations Act sets out the requirements for any compulsory acquisition process.</p> <p>A bidder under a takeover bid may compulsorily acquire any remaining securities in the bid class if during, or at the end of, the offer period, the bidder and their associates have:</p> <ul style="list-style-type: none">relevant interests in at least 90% (by number) of the securities in the bid class; andacquired at least 75% (by number) of the securities that the bidder offered to acquire under the bid (whether the acquisitions happened under the bid or otherwise).	<p>Compulsory acquisition</p> <p>This is possible pursuant to the Companies Law and the Takeover Law.</p>
	<p>Companies Law</p> <p>Where a company (the Acquirer) makes an offer to acquire shares in another company (the Target) and such offer is, within 4 months from the date of making of the offer, accepted by shareholders of the Target holding no less than 90% of the issued shares of the Target (other than shares already held by the Acquirer or its nominees), the Acquirer can, within 2 months after the expiration of the 4 month period, acquire the shares of</p>

those shareholders who have not accepted the offer, unless a court directs otherwise on the application of such non-accepting shareholder(s).

If the Acquirer has not exercised the right referred to above or has, pursuant to an offer, acquired shares which together with any shares already held by the Acquirer or its nominee(s) comprise more than 90% of the issued shares of the Target, the Acquirer has an obligation to give notice to all other non-accepting shareholders that they have the right to require the Acquirer to purchase their shares.

Takeover Law

A bidder who acquires not less than 90% of the securities carrying voting rights in a public company has the right, within 3 months of the end of the takeover bid, to require all non-accepting shareholders to sell all their securities to such bidder.

Related party transactions

Chapter 2E of the Corporations Act covers 'related party benefits' – designed to protect the interests of a company's shareholders as a whole, by requiring shareholder approval before giving financial benefits which could otherwise endanger those interests.

The Corporations Act requires, for a public company, that:

- Shareholder approval must be obtained before giving a financial benefit to a related party; and
- the benefit must be given within 15 months of the approval; or
- the benefit must fall within a specified exception.

The most relevant exception provides that:

- where any benefit would be reasonable in the circumstances if the public company and the director/related party were dealing at arm's length terms; or
- the terms are less favourable to the director/related party than the terms referred to above,

then shareholder approval is not required.

Other exceptions include reasonable remuneration payments to directors, director insurance, and small amounts given to directors/related parties.

'Related party' is defined in the Corporations Act to include:

- a Director of the company and any controlling entity and their spouses
- parents and children (of both directors and/or spouses)
- an entity controlled by any of the above
- any other entity acting in concert with a related party.

Related party transactions

The Companies Law contains certain prohibitions in relation to:

- tax free payments to directors.
- loans to directors of public companies or giving guarantees or indemnities in respect of loans.
- payments to directors for loss of office unless approved by the general meeting; and
- transferring property of the company or its business (or part thereof) as compensation to a director for loss of office.

Directors have an obligation to disclose their interest in relation to transactions in which they have an interest.

Transactions involving Directors

The Corporations Act prohibits a public company from giving a Director a financial benefit unless either the public company obtains shareholders' approval, or the financial benefit is exempt.

Protection of minorities

Under the Corporations Act, any shareholder of an Australian company can apply for an order from the court in circumstances where the conduct of ISX's affairs, or any actual or proposed act or omission or resolution is either: contrary to the interests of shareholders as a whole; or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in that capacity or any other capacity.

Filing documents / access to information

The Corporations Act requires a corporation to file various documents with ASIC, including its accounts, notification of changes to its constitution and notifications regarding changes to the director, secretary and share capital.

Documents filed with ASIC are available to the public. The Corporations Act also provides for a statutory right permitting the member to inspect the books of a company.

Notice of meetings

The Corporations Act requires at least 28 days' notice of a general meeting of a listed company and 21 days' notice of a general meeting for a public unlisted company.

Requisitioning general meetings

Under the Corporations Act, shareholders who hold at least 5% of the votes which may be cast at a general meeting of a company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

Transactions involving Directors

See above.

Protection of minorities

Under the Companies Law, any shareholder of a Cyprus company can apply for an order from the court in circumstances where the conduct of the company's affairs, or any actual or proposed act or omission or resolution is either (a) contrary to the interests of shareholders as a whole; or (b) oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as shareholders or any other capacity.

Filing documents / access to information

The Companies Law requires a company to file various documents with the Registrar of Companies, including its accounts, an annual return, notification of changes to its constitution and notifications regarding changes to the directors, secretary and share capital.

The Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007-2018 (Law 188(I)/2007) requires Cyprus companies to file certain information regarding their ultimate beneficial owner(s) with the Registrar of Companies.

Certain charges created by a Cyprus company must be registered, otherwise they will be void as against the liquidator of the company or other creditors. Documents filed with the Registrar of Companies are available to the public.

The Companies Law also provides for a statutory right permitting any person to inspect the register of members of a company.

Notice of meetings

The Companies Law requires at least:

- 28 days' notice in respect of a meeting at which an extraordinary resolution is proposed.
- 21 days' notice in relation to an annual general meeting or a meeting at which a special resolution is proposed.
- 14 days' notice for any other meeting.

Requisitioning general meetings

Under the Companies Law, shareholders who hold at least 5% of a public company (10% for private companies) of the votes which may be cast at a general meeting of a company have the right to requisition the directors to convene a general meeting and, if not so

convened within 21 days, the requisitionists can call the meeting themselves.

Removal of directors

The Corporations Act contains various provisions regarding resignation, removal and retirement of directors.

The Corporations Act provides that a director may be removed by resolution at a general meeting, subject to a company receiving at least two months' notice of the intention to move the resolution and the company notifying the relevant director as soon as possible after receiving notice of that intention.

Directors' duties

The laws governing directors' duties and responsibilities come from three areas, namely, the common law (judge-made law), statute law, under the Corporations Act and a company's constitution.

Common law duties include:

- Duty to act bona fide (in good faith) in the interests of the company as a whole.
- Duty not to act for an improper purpose.
- Duties of care and diligence.
- Duty to retain discretion.
- Duty to avoid conflicts of interest.
- Duty not to disclose confidential information.
- Duty not to abuse corporate opportunities.

Statutory duties include:

- Duty of care and diligence and the business judgment rule.
- Duty of good faith.
- Duty not to make improper use of position.
- Duty not to make improper use of information.
- Duty not to trade while insolvent.
- Disclosure of material personal interests.
- Financial benefits to related parties of public companies.
- Financial reporting.

Removal of directors

The Companies Law provides that, notwithstanding any provision to the contrary in a company's articles of association or any agreement (for example, a shareholders' agreement), a director may be removed by ordinary resolution. Special notice (28 days) notice must be given.

Directors' duties

Same as under Australian law in respect of common law duties.

Statutory duties: N/A under the Companies Law

14.3 ISXFEU Substantial Shareholders

At the date of this Prospectus, these existing ISX Shareholders will become substantial ISXFEU Shareholders (i.e., a person with a relevant interest through associated entities) in ISXFEU on completion of this Demerger, which hold a voting power in 5% or more of the ISXFEU Shares on issue:

Proposed ISXFEU Shareholder	Number of ISXFEU Shares to be Held	Anticipated % of Total ISXFEU Shares
Select All Enterprise Ltd (Mr N. Karantzis)	44,779,775	40.68
Red 5 Solutions Ltd (Mr A Karantzis)	10,900,000	9.90
Mr A Karantzis (Direct Holdings)	584,300	0.53
Ithaki Nominees Pty Ltd (Mr N Karantzis)	350,000	0.32

14.4 Proposed Top 20 ISXFEU Shareholders

As at 11th August 2020, the names of the top 20 ISX Shareholders are set out below. If the Demerger is completed, these are proposed to become the top 20 ISXFEU Shareholders²².

Rank	Name of proposed top 20 ISXFEU Shareholders	Number of ISXFEU Shares to be held	Anticipated % of total ISXFEU Shares
1	SELECT ALL ENTERPRISE LIMITED	44,779,775	40.68
2	RED 5 SOLUTIONS LIMITED	10,900,000	9.90
3	UBS NOMINEES PTY LTD	6,854,201	6.23
4	ICEBREAK FLOW GLOBAL LIMITED	2,361,578	2.15
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,324,911	2.11
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,989,009	1.81
7	VASTIUM HOLDINGS LIMITED	1,529,160	1.39
8	CITICORP NOMINEES PTY LIMITED	1,414,275	1.28
9	CILI PADI LIMITED	1,010,463	0.92
10	IFM PTY LIMITED <IFM SUPER FUND A/C>	1,000,000	0.91
11	WARNEET SUPER PTY LIMITED <WARNEET SUPER FUND A/C>	666,861	0.61
12	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	620,000	0.56
13	BOND STREET CUSTODIANS LIMITED <LAMAM - D05019 A/C>	533,139	0.48
14	ANDREW KARANTZIS	584,300	0.53
15	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	484,483	0.44
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	478,739	0.43
17	VICTORIA KIRIN PTY LTD <DROMANA COAST A/C>	440,000	0.40
18	CHAMPPIO PTY LTD <CHAMPPIO FAMILY A/C>	413,857	0.38
19	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	391,330	0.36
20	ITHAKI NOMINEES PTY LTD <ITHAKI NOMINEES SUPER A/C>	350,000	0.32
Total Top 20 ISXFEU Shareholders:		79,126,081	71.88%
Total Remaining Holders Balance:		30,953,369	28.12%

²² May be subject to change due to off market transfers and/or rounding upon transfer of ISXFEU Shares.

14.5 Proposed ISXFEU Employee Incentive Scheme

ISXFEU is proposing to implement an employee incentive scheme to appropriately reward and incentivise employees and align their interests with the interests of ISXFEU Shareholders. No decision has been made about the type of scheme to be implemented. It is proposed the number of securities issued pursuant to the employee incentive plan over a three-year period will be no greater than 5% of the issued ISXFEU Share capital. No decisions have been made in relation whether ISXFEU Directors will be eligible to participate or the number of ISXFEU Shares that may be offered to ISXFEU Directors pursuant to the plan.

14.6 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no ISXFEU Directors, proposed ISXFEU Directors, promoter or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of ISXFEU.
- (b) any property acquired or proposed to be acquired by ISXFEU in connection with its formation or promotion or in connection with the Offer under this Prospectus; or
- (c) the Offer under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of ISXFEU or the Offer of ISXFEU Shares under this Prospectus.

HWL Ebsworth Lawyers has acted as the solicitors to ISX in relation to the Prospectus. ISX estimates it will pay HWL Ebsworth Lawyers approximately \$173,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, HWL Ebsworth Lawyers has received \$2.8 million in fees from ISX.

BDO Audit Pty Ltd have acted as the auditors and Investigating Accountant to ISX in relation to the Prospectus. ISX estimates it will pay BDO Audit Pty Ltd approximately \$50,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit Pty Ltd has received \$0.4 million in fees from ISX.

RSM Australia Tax Law Pty Ltd have acted as tax advisors and has prepared the Tax Report which has been included in Section 10 of this Prospectus. ISX estimates it will pay RSM Australia Tax Law Pty Ltd a total of \$115,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Australia Tax Law Pty Ltd received \$nil in fees from ISX.

Georgiades & Pelides LLC have acted as Cypriot legal advisors with input to this prospectus limited to sections 14.1 and 14.2 ISXFEU estimates that it will pay Georgiades & Pelides LLC the fee of €17,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Georgiades & Pelides LLC received €24,000 in fees from ISXFEU.

CyMain have been appointed to conduct ISXFEU's share registry functions and to provide administrative services in respect of the transfer of ISXFEU Shares pursuant to this Prospectus and will be paid for these services on standard industry terms and conditions.

14.7 Consents

Each of the parties referred to in this section:

- a. does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section.
- b. has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- c. makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, or omissions from any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

BDO Audit Pty Ltd has given its written consent to being named as auditors and Investigating Accountant of ISX in this Prospectus. BDO Audit Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Australia Tax Law Pty Ltd has given its written consent to being named as Tax Accountant in this Prospectus and to the inclusion of the Tax Report in Section 11 in the form and context in which the report is included. **RSM Australia Tax Law Pty Ltd** has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

HWL Ebsworth Lawyers has given its written consent to being named as the Australian lawyers to ISX in this Prospectus. HWL Ebsworth Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Georgiades & Pelides LLC has given its written consent to being named as the Cyprus lawyers to ISXFEU in this Prospectus. Georgiades & Pelides LLC has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

14.8 Litigation

To the knowledge of the ISXFEU Directors, as at the date of this Prospectus, ISXFEU is involved as a plaintiff in the below material legal proceeding and the ISXFEU Directors are not aware of any material legal proceedings pending or threatened against ISXFEU.

ISXFEU and Probanx Solutions Ltd are co-plaintiffs with ISX against ASX Limited in the Federal Court of Australia (Case VID1315/2019). The damages claim brought by ISX, Probanx and ISXFEU is in excess of AUD \$462m, with more than 70% of the damages being claimed by ISXFEU and Probanx.

In the event that the claim is unsuccessful, financial exposure to ISXFEU by way of itself or subsidiaries being liable for ASX's court costs could exceed several million AUD, together with its own costs.

The claim by ISX against ASX concerns decisions and actions by ASX, including ASX's ongoing suspension of ISX shares from quotation on the ASX's securities exchange. ISX seeks orders against ASX including an order that quotation of ISX Shares be resumed. The proceedings also allege misleading and deceptive conduct by ASX, and it is that part of the proceedings for which the three co-plaintiffs mentioned above are seeking damages.

In addition, in late 2020, ASIC commenced civil penalty proceedings in the Federal Court against ISX and its managing director, Mr Karantzis. ISXFEU is not a party to those proceedings.

The proceedings allege breaches by ISX of its continuous disclosure obligations and allege false and misleading representations under the Corporations Act. In addition, the proceedings also relate to Mr Karantzis' involvement in those alleged breaches by ISX, as well as alleged breaches of ISX Directors' duties and an alleged failure to take reasonable steps to ensure information that he gave to ASX was not false or misleading.

ASIC is seeking declarations and pecuniary penalties against ISX and Mr Karantzis. ASIC is also seeking orders that Mr Karantzis be disqualified from managing Australian corporations.

Mr Karantzis and ISX are vigorously defending the claims. The ISXFEU Directors believe that if either defendant is, or both are, unsuccessful in their defence there will be no direct impact on the operations of ISXFEU.

ISX and ISX Financial Pty Ltd have not been subject to any sanctions, fines, or corrective notices from AUSTRAC in respect of their AML practices, and to ISX's knowledge, no investigation is currently underway.

14.9 Taxation

The acquisition and disposal of ISXFEU Shares will have tax consequences, which differ depending on the individual financial affairs of each investor. All potential investors in ISXFEU Shares are urged to obtain independent financial advice about the consequences of acquiring ISXFEU Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, ISX, ISXFEU, each of their respective officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for ISXFEU Shares under this Prospectus.

Please also refer to the Tax Report in section 11.

14.10 Expenses of the Offer


The estimated expenses of the Offer are as follows:

Item of Expenditure	\$
ASIC and NZCO fees	3,500
Legal fees	200,000
Investigating Accountant Fees	50,000
Tax Advisor Fees	115,000
Printing and Other Expenses	5,000
Total	\$373,500

15. ISX Directors' Authorisation

This Prospectus is issued by ISX, and its issue has been authorised by a resolution of the ISX Directors.

In accordance with section 720 of the Corporations Act, each ISX Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



Mr. Timothy J Hart
Chairman

For and on behalf of ISX
7th September 2021



Mr. Nickolas J Karantzis
Managing Director

16. Glossary

Capitalised terms used in this Prospectus have the following meanings:

A\$, AUD\$ or \$ means an Australian dollar. When figures appear in brackets, they are approximations of the stated foreign currency.

AEST means Australian Eastern Standard Time, being the time in Melbourne, Victoria, Australia.

Allocation means, subject to rounding, the ISXFEU Shares to be distributed to you in-specie proportionally on the basis of one (1) ISXFEU Share to every ten (10) of your ISX shares.

Applicant means a person who is an existing ISX Shareholder.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691), or the Australian Securities Exchange operated by ASX (as context requires).

Authenticate BV means Authenticate BV 62744968 (Netherlands).

Authenticate Pty Ltd means Authenticate Pty Ltd ACN 600 573 233.

BDO Audit Pty Ltd means BDO Audit Pty Ltd ACN 134 022 870.

Business Day means a weekday when trading banks are ordinarily open for business in Melbourne, Victoria.

Capital Reduction means the equal capital reduction proposed to be satisfied by the in-specie distribution and transfer to eligible ISX Shareholders (in proportion to their holdings of Shares) of 100% of the ISXFEU Shares on issue.

Capital Reduction Resolution means resolution 1 of the Notice of Meeting to be put to ISX Shareholders at the General Meeting to approve the Capital Reduction.

ClearPay Pty Ltd means ClearPay Pty Ltd ACN 638 533 418.

Companies Law means the Republic of Cyprus Companies Law Cap. 113 (as amended).

Corporations Regulations means *Corporations Regulations 2001* (Cth).

Conditions means the conditions of the Offer outlined in Section 6.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Demerger means the demerger of ISXFEU from ISX via the Capital Reduction.

€, or Euro(s) means euros, the currency of the Eurozone members of the European Union.

Explanatory Statement means the explanatory statement which will accompany and form part of the Notice of Meeting.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

General Meeting means the general meeting of Shareholders convened by the Notice of Meeting to approve the Demerger.

Investigating Accountant's Report means the investigating accountants report in Section 10 of this Prospectus.

ISX means iSignthis Limited ACN 075 419 715.

ISX Board means the board of ISX Directors as constituted from time to time.

ISX Constitution means the constitution of ISX.

ISX Director means a director of ISX.

ISX Holdings Ltd (UK) means ISX Holdings UK Ltd 12488005 (United Kingdom).

ISX IP Ltd means ISX IP Ltd 1842689 (British Virgin Islands).

ISX Share means a fully paid ordinary shares in the capital in ISX.

ISX Shareholder means a registered holder of an ISX Share.

ISX Technologies Inc means ISX Technologies Inc. 5868104 (United States).

ISXFEU means ISX Financial EU Plc HE348009 / ARBN 629 892 324, previously known as ISX Financial EU Ltd.

ISXFEU Board means the board of ISXFEU Directors as constituted from time to time.

ISXFEU Constitution means the constitution of ISXFEU, comprising the Articles and Memorandum of Association.

ISXFEU Director means a director of ISXFEU specified in Section 8.1.

ISXFEU Group means ISXFEU and its subsidiaries.

ISXFEU Share means a share in ISXFEU.

ISXFEU Shareholder means a registered holder of an ISXFEU Share.

ISXUK means ISX Financial UK Ltd 10002662 (United Kingdom).

Ithaki Nominees Pty Ltd means Ithaki Nominees Pty Ltd ACN 149 262 822.

Listing Rules means the official listing rules of ASX.

Notice of Meeting means the ISX notice of meeting to be lodged with ASIC containing the Capital Reduction Resolution.

NSXL means NSX Limited ACN 089 447 058.

NSXA means the National Stock Exchange of Australia Ltd ACN 000 902 063.

Offer means the offer to transfer ISXFEU Shares to the ISX Shareholders pursuant to the Capital Reduction and effected by way of Notice of Meeting.

Probanx Solutions Ltd means Probanx Solutions Ltd 111921 (Republic of Cyprus).

Record Date means the record date for determining entitlements to the distribution and transfer of ISXFEU Shares under the Capital, which shall be four (4) business days after the General Meeting date called to consider the Demerger.

RSM Australia Pty Ltd means RSM Australia Pty Ltd ACN 009 321 377.

Share Registry means CyMain Registrars Ltd for ISXFEU or Computershare Investor Services Pty Ltd for ISX.

Takeover Law means the Republic of Cyprus, Takeover Bids Law of 2007.

UAB Probanx Solutions means UAB Probanx Solutions 302590499 (Lithuania).