

2021
iSignthis®

ANNUAL REPORT

For year ended 31 December 2021

*ABN 93075 419 715
iSignthis Ltd*

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Directors	Timothy Hart (Independent Non-Executive Chairman until 29 December 2021 and become Executive Chairman from that date) Nickolas John Karantzis (29 December 2021 stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director) Barnaby Egerton-Warburton (Independent Non-Executive Director) Scott Minehane (Independent Non-Executive Director) Christakis Taoushanis (Independent Non-Executive Director, resigned on 31 August 2021)
Chief Financial Officer	Elizabeth Warrell
Joint Company Secretary	Elizabeth Warrell and Todd Richards
Date of Annual General Meeting	11 May 2022
Registered office	Level 7, 232-236 Victoria Parade East Melbourne, VIC, 3002, Australia Telephone: +61 3 8640 0990 Facsimile: +61 3 8640 0953
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnson Street, Abbotsford, VIC, 3067, Australia Telephone: 1300 850 505
Auditor	BDO Audit Pty Ltd Level 11, 1 Margaret Street, Sydney, NSW, 2000, Australia
Stock exchange listing	iSignthis Ltd shares are listed on the Australian Securities Exchange and cross listed on Frankfurt Stock Exchange (ASX: ISX)
Website	www.isignthis.com.au

Letter from the Executive Chairman

Dear Shareholders,

I'm pleased to present the iSignthis ('ISX') Annual Report for the calendar year ended 31 December 2021.

2021 was an historic year for the Company, with the demerger from ISX Financial EU Plc ('ISX EU') completed in October 2021. The demerger of ISX EU offered ISX Shareholders a unique opportunity to restructure the operating subsidiaries of the Company in preparation for an intended admission to a securities exchange outside of Australia, in due course. This should eventually allow existing 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. We wish ISX EU every future success and look forward to hearing about future developments in ISX EU.

With the demerger now complete the Company will now refocus on its Australian operations and in its ongoing legal action against the Australia Securities Exchange (ASX).

Unfortunately, with delays in the Australian Courts due to COVID-19, we can't provide an accurate timeline of when our case against the ASX will be heard or how long it will take, but with our claim at \$464.7 million, on behalf of our shareholders we remain committed to seeking justice against the ASX for the damage done to the Company as a result of the suspension of the company from the exchange in October 2019.

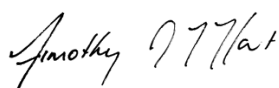
In 2022, the Company is optimistic it will be able to clear the civil proceedings taken by the Australia Securities Investment Commission ('ASIC') against the Company.

With the Company and its subsidiary, iSignthis Australia Pty Ltd, still holding several payment scheme licences in Australia, the Company will look as to how it can commercialise these licences in the future, while acknowledging, that before it can commercialise the licences, it must first clear the Company's name by resolving the ASIC civil action.

I wish to acknowledge Mr John Karantzis stepping aside as a Director of the Company, I want to thank John for all his hard work and dedication to build a world class business over the last ten years. His passion for the Company and never-ending optimism as CEO and Managing Director will be sorely missed.

Lastly, I was to thank all our shareholders for all their patience and understanding as the Company has navigated its way through the consequences of the ASX suspension, leading to the demerger of ISX EU and all our staff for their efforts thus far. As we head into 2022, the Board remain confident that we should finally get some closure on the controversy that has surrounded the company for the last several years.

Yours Sincerely,



Timothy J. Hart
Executive Chairman

Directors' Report – Operating and Financial Review

Company Overview

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

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

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

Strategy

Post the demerger of ISX Financial EU Plc from iSignthis Ltd, the Company retained the ISAU business unit. ISAU is an Australian principal member of Mastercard. Its licence, is presently for card acquiring, however, this can be extended to card issuing and to include Mastercard Send and Home Send services. ISX Financial EU Plc and ISAU have entered into a technical gateway services agreement for access to the PCI DSS level 1 certified ISXPAY gateway on a per usage basis. The Company also retains card acquiring licences from ChinaUnionPay, Diners Discover and American Express, in addition to Mastercard, for the Australian region. With licences and the payment gateway agreement in place, the Company is at the early stages of rebuilding its Australian strategy and will now look as to how it can commercialise these licenses for future growth.

The Company has also identified opportunities under the Consumer Data Right (CDR) regulations that are supervised by the Australian Consumer and Competition Commission, with its subsidiary ISAU considering its approach to a license application.

The Company will seek shareholder approval for a name change at the forthcoming general meeting of shareholders.

Further, post the demerger the Company will focus its efforts in 2022 in its legal action taken against the Australian Securities Exchange (ASX). The Company's current statement of claim totals \$464.7 million. Due to delays in Australian courts, as a result of the COVID-19 pandemic the Company cannot provide an expected timeline for the court action.

Financial Review

In FY21 the Group's continuing operations delivered a full year loss of \$5.6 million.

Group Financial Performance

The loss of \$5.6m for the 2021 year from continuing operations, was largely due to legal and advisory costs in the period. The increase in the loss in 2021 to \$5.6 million is due to an increase in legal and advisory costs due to both the demerger in 2021 and the ongoing costs related to the ASX and ASIC legal cases.

Financial Position

Post the demerger, the financial position of the Group remains solid, with \$10.2 million in total assets and \$2.9 million in cash and cash equivalents. On a continuing operations basis, the Group also saw its total assets decrease to \$10.2m, versus 31 December 2020, largely due to the operating loss incurred through the year.

The Group's total liabilities from continuing operations ended the year at \$0.8 million, consisting of trade and other payables. Net assets on a continuing operations basis were \$9.5 million.

The Group's working capital, being current assets less current liabilities was \$2.8m at 31 December 2021. As a result of the above, the Directors believe the consolidated entity is in a stable position.

Key Risks and Challenges

The Company is subject to credit risk from ISX Financial EU Plc.

The Company's main financial asset is a \$6.6 million convertible note receivable from ISX Financial EU Plc. There is a risk that ISX Financial EU Plc is insolvent and unable to repay the convertible note when its due to vest in 2031. Further there is a risk that ISX Financial EU Plc at the time of conversion remains unlisted, and therefore after converting the note to shares in ISX Financial EU Plc, that the Company is unable to sell the share easily, on an open market.

The Company notes that at the time of this report, there are no indications of credit risk in ISX Financial EU Plc.

The Company may become insolvent.

The Company and its subsidiaries may be unable to meet future debt obligations and become insolvent.

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

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of shareholder class actions and other litigation and disputes, including the current legal action between the Australian Securities and Investment Commission and the Company. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

The Company from time to time may in the future be involved in governmental or regulatory investigations or similar matters arising out of its past, current or future business. The Company'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 the Company 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 the Company's insurance coverage, they could have a material adverse effect on its business, financial condition and results of operations.

Further, the cost of pending or future litigation remain uncertain and could materially affect the Company's business, financial position and results of operations.

The costs and effects of the Company's litigation against the Australian Securities Exchange Ltd remains uncertain and could materially affect the Company's business, financial position and results of operations.

The Company has commenced legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019. The cost of the proceedings and the likelihood of a successful outcome against the Australia Securities Exchange (ASX) remain uncertain and could materially affect the Company's business, financial position and results of operations. If the Company is unsuccessful against the ASX it may be liable to pay the ASX's legal fees as they relate to the case.

The Company or its subsidiary may not be able to commercialise its payment scheme licences in Australia.

The Company and its subsidiary have payment scheme licences in Australia, which it has yet to commercialise. There is a risk that the Company and its Subsidiary may be delayed, or unable to commercialise their payment scheme licences, as commercialisation may take significant management time and resources, significant cost or capital and until the Company's current legal cases are cleared it may be unable to find partners in Australia to successfully commercialise the licences.

Australian Tax Office (ATO) Risk Review.

In 2021 the ATO issued iSignthis Ltd with a risk review notification and a letter of information request. The Company continues to cooperate with the ATO review which is in its very early stages. The Company has deferred tax assets not recognised, which would first absorb any tax adjustments (should any be made, which the Company does not expect). The Company holds no provision for this matter, as the outcome is so uncertain, no reliable estimate can be made. Nonetheless there remains a risk that the ATO issues a tax assessment on the Company, that the Company is unable to pay or is a significant cost to the Company.

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 adversely affect our financial results or position. In addition, losses could include legal or remediation costs and loss of property and/or information.

The Company may not have adequate insurance.

The Company and its subsidiary have insurance in place that includes Directors and Officers, Travel, Public Liability and Public Indemnity insurance.

Although the Company seeks and will continue to seek to ensure that it is appropriately insured and currently maintains insurance policies covering cybercrime, business interruption, 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 the Company may be unable to obtain the insurance cover it desires at premiums which it believes to be reasonable. If the Company experiences an insured event, it cannot be certain that the proceeds of insurance which it receives will fully cover its loss. Further, the Company'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, the Company'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 the Company experiences an uninsured or uninsurable loss in the future, it could incur significant expenditures, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company or its subsidiary may be subject to future regulatory intervention.

There is a risk that the Company and its subsidiary may be subject to future regulatory intervention. Such interventions may delay the awarding of future licences or result in future licences not being awarded.

Directors' Report – Directors Information

Information on Directors

Name : Mr Timothy J. Hart

Title : Executive Chairman

Qualifications : BSc, MM(T), MMktng, MEd (Melb), PGDSI, PGDOL (Oxon), FAICD, FIML

Experience and expertise : Tim has Chaired iSignthis Limited (ASX:ISX, DE:TA8) since 2015, is the Chair of NSX Limited (ASX:NSX) and sits on the Board of the NSXA.

From April 2013 to July 2019 he was the Managing Director & Chief Executive Officer of Ridley Corporation Limited (ASX:RIC) from 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, Tim was the CEO of Sugar Australia for eight years, prior to this he has had a long career in fast moving consumer goods (FMCG) industry with SCA and in packaging with Carter Holt Harvey, ACI and Amcor, where he dealt with retailers and large food and beverage customers.

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

Tim was the Deputy Chairman and a Director (2007 to 2012) of the Australian Food & Grocery Council, and Chair of the AFGCs Corporate Affairs Committee. He also Chaired the AFGC Agribusiness Forum. Tim is currently the Chairman of Enactus Australia (Director since 2009), and a member of the Global Council of Country Board Chairs. Additionally he was a Director of the World Sugar Research Organisation (2010-13). He is a guest Mentor and Lecturer 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.

Tim 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, Master of Management (Technology), Master of Marketing and Master of Education.

Other current directorships : Chair NSX Limited (ASX:NSX)

Former directorships (last 3 years): Ridley Corporation (ASX:RIC)

Special responsibilities : Chairman, Member of the Audit Committee, Member of the Risk Committee, and Chairman of the Remuneration Committee.

Name : Mr Scott Minehane

Title : Independent Non-Executive Director

Qualifications : B.Econ LLB LL.M

Experience and expertise : Mr. Minehane has international regulatory and strategy experience in the telecommunications sector and has been involved in advising international organisations (including the World Bank, ITU, ASEAN and the GSMA), investors, telecommunications operators, Governments and regulators in Australia, Asia, the Pacific and Africa for over 30 years. He is also an independent director of ASX listed Etherstack plc (ASX:ESK) which specialises in wireless technology including waveforms and public mobile radio solutions. Mr. Minehane has a Bachelor of Economics and a Bachelor of Laws from the University of Queensland and holds a Master of Laws, specialising in Communications and Asian Law from the University of Melbourne.

Other current directorships : Etherstack plc (ASX:ESK)

Former directorships (last 3 years) : Nil

Special responsibilities : Chairman of Audit Committee and Chairman of Risk Committee.

Name : Mr Barnaby Egerton-Warburton

Title : Independent Non-Executive Director

Qualifications : B. Ec. GAICD

Experience and expertise : Mr Egerton-Warburton holds a Bachelor of Economics Degree and is a graduate of the Australian Institute of Company Directors. He has over 20 years of trading, investment banking, international investment and market experience. He has held positions with global investment banks in Hong Kong, New York and Sydney including JPMorgan, Banque Nationale de Paris and Prudential Securities.

Other current directorships : Arizona Lithium (ASX:AZL) formerly Hawkstone Mining Limited (ASX: HWK) Locality Planning Energy Limited (ASX:LPE), Pantera Minerals (ASX:PFE) Diablo Resources (ASX:DBO), Lord Resources (ASX:LDR) formerly Eneabba Gas Limited (ASX : ENB)

Former directorships (last 3 years) : Invictus Energy Limited (ASX:IVZ)

Special responsibilities : Member of Remuneration Committee, Audit Committee and Risk Committee.

Information on Former Directors

Name : Mr Nickolas John Karantzis

Title : Independent Non-Executive Director (Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director)

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

Experience and expertise : Mr. Karantzis holds qualifications in engineering (University of Western Australia), law and business (University of Melbourne). He is the founder of iSignthis, and led the Company to entry to profitability in 5 years from listing on the ASX.

Mr. Karantzis has over 29 years' experience in a number of sectors, including payments, online media, secure communications, and e-commerce.

In 2020 he was also appointed as interim CEO and Managing Director of NSX Limited.

His previous public company experience includes directorships with ASX listed Pacific Star Network Limited (ASX:PNW) and Reeltime Media Limited (ASX:RMA).

Other current directorships : Nil

Former directorships (last 3 years) : NSX Limited (ASX:NSX)

Special responsibilities : Member of the Risk Committee.

Name : Mr Christakis Taoushanis

Title : Independent Non-Executive Director (Effective 31 August 2021 Mr Taoushanis resigned as a Non-Executive Director)

Qualifications : B.Sc M.Sc

Experience and expertise : 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 : Nil

Former directorships (last 3 years) : Nil

Special responsibilities : Chairman of the Risk Committee.

Note
 'Other current directorships' quoted above are current directorships for Australian listed entities only and excludes directorships of all other types of entities, unless otherwise stated.
 'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for Australian listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Risk Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Mr T Hart	13	13	4	4	2	2	2	2
Mr S Minehane	13	13	4	4	-	-	2	2
Mr B Egerton-Warburton	12	13	4	4	1	2	2	2
Mr NJ Karantzis ⁽¹⁾	12	13	-	-	2	2	-	-
Mr T Taoushanis ⁽²⁾	8	8	-	-	2	2	-	-

⁽¹⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

⁽²⁾ Mr Taoushanis resigned effective 31 August 2021

Held: represents the number of meetings held during the time the director held office.

Chief Financial Officer and Joint Company Secretary

Ms Elizabeth Warrell joined the Group in September 2019 as the Chief Financial Officer and was subsequently appointed joint Company Secretary. Elizabeth is a Chartered Accountant with almost 20 years' experience in banking and financial services and is a graduate of the Australian Institute of Company Directors. Previous to joining the Group Elizabeth spent 11 years at the National Australia Bank in Group Finance and Australian Banking and 8 years at GE Money in Australia, India and the United States.

Joint Company Secretary

Mr Todd Richards is a Certified Practising Accountant with more than 20 years' experience in statutory corporations and international and ASX listed companies.

Directors' Report - Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity for the full year, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- aligning shareholder and executive remuneration through share-based payments
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

In accordance with best practice corporate governance, the structure of independent non-executive director and executive director remuneration is separate.

Independent non-executive directors' remuneration

Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

In 2021, the Board approved an increase in non-executive directors' fees from \$45,000 to \$60,000 per annum and an increase in the Executive Chairman's fees from \$60,000 to \$90,000. The increases, while still well within the range provided by KPMG in 2020, are reflective of the additional onus put on the directors of the company post the demerger from ISX Financial EU Plc, with the directors stepping up to play a bigger role in leading the ASX litigation for the Group. This is the first increase in non-executive director fees since 2014.

In 2020 the Board engaged KPMG to review non-executive director and CEO remuneration, to ensure they reflect the growing size and complexity of the business and remain in line with the market. The Board elected not to increase director fees in 2020, despite the KPMG recommendations.

Executive remuneration

Post the demerger of ISX Financial EU Plc, the Company has simplified its executive remuneration. Prior to the demerger in October 2021, executive remuneration was a combination of fixed remuneration and variable components, made up of share-based payments. In 2021 no performance rights were issued to executives. Post demerger, this has been simplified to a simple, reduced fixed remuneration model, to better reflect the reduced operations of the group.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is not directly linked to performance of the consolidated entity. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall operational achievements. Directors and Executives hold shares and performance rights in the Company to facilitate goal congruence between Executives with that of the business and shareholders.

Voting and comments made at the Company's 17 July 2020 Annual General Meeting ('AGM')

At the 14 May 2021 AGM, 91.87% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

31-Dec-21	Short-term benefits	Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Super-annuation \$	Performance rights \$	
Independent Non-Executive Directors:				
Mr Scott Minehane	55,568	5,279	-	60,847
Mr Barnaby Egerton-Warburton	55,568	5,279	-	60,847
Mr Christakis Taoushanis ⁽¹⁾	42,641	-	-	42,641
Mr Nickolas John Karantzis ⁽²⁾	573,621	3,909	-	577,530
Executive Directors:				
Mr Timothy Hart ⁽³⁾	83,351	7,919	-	91,270
Other Key Management Personnel:				
Ms Elizabeth Warrell	268,994	19,685	23,987	312,666
	<u>1,079,743</u>	<u>42,071</u>	<u>23,987</u>	<u>1,145,801</u>

⁽¹⁾ Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

⁽²⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director. In his role as Managing Director, Mr Karantzis was entitled to a 12 months termination payment, which was agreed to be reduced to 6 months, less any Non-Executive Director fees. This resulted in a \$170,000 termination payment.

⁽³⁾ Effective 29 December 2021 Mr Hart stepped up as Executive Chairman.

31-Dec-20	Short-term benefits	Post-employment benefits	Share-based payments	Total \$
	Cash salary and fees \$	Super-annuation \$	Performance rights \$	
Independent Non-Executive Directors:				
Mr Scott Minehane	48,219	4,581	-	52,800
Mr Barnaby Egerton-Warburton	48,219	4,581	-	52,800
Mr Christakis Taoushanis ⁽¹⁾	57,455	-	1,983	59,438
Mr Timothy Hart ⁽²⁾	72,329	6,871	-	79,200
Executive Directors:				
Mr Nickolas John Karantzis ⁽³⁾	434,048	4,164	-	438,212
Other Key Management Personnel:				
Ms Elizabeth Warrell	328,997	21,348	23,978	374,323
	<u>989,267</u>	<u>41,545</u>	<u>25,961</u>	<u>1,056,773</u>

(1) Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

(2) Mr Hart was an independent non-executive director in 2020. Effective 29 December 2021 Mr Hart stepped up as Executive Chairman.

(3) Mr Karantzis was an executive director in 2020. Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Non-Executive and Executive Directors:						
Mr Scott Minehane	100%	100%	-	-	-	-
Mr Barnaby Egerton-Warburton	100%	100%	-	-	-	-
Mr Christakis Taoushanis ⁽¹⁾	100%	97%	-	-	-	3%
Mr Timothy Hart ⁽²⁾	100%	100%	-	-	-	-
Mr Nickolas John Karantzis ⁽³⁾	100%	100%	-	-	-	-
Other Key Management Personnel:						
Ms Elizabeth Warrell	92%	94%	-	-	8%	6%

(1) Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

(2) Mr Hart was an independent non-executive director in 2020. Effective 29 December 2021 Mr Hart stepped up at the Executive Chairman.

(3) Mr Karantzis was an executive director in 2020. Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr. Timothy Joseph Hart
 Title: Executive Chairman
 Term of agreement: Ongoing
 Details: The terms of Mr. Hart's Executive Chairman role include a base salary for the Executive role totalling \$90,000 per annum including statutory superannuation requirements and a termination period of three (3) months by either party.

Name: Mr. Nickolas John Karantzis ⁽¹⁾
 Title: Executive Director and Group Chief Executive Officer
 Term of agreement: Ongoing, terminated effective 29 December 2021.
 Details: The terms of Mr. Karantzis' Executive Services Agreement for the position of Executive Director and Group Chief Executive Officer included a termination period of twelve (12) months by either party, the base salary for the Executive role totalling \$400,000 per annum including statutory superannuation requirements.

⁽¹⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

Name: Ms. Elizabeth Warrell
 Title: Chief Financial Officer and Company Secretary
 Term of agreement: Ongoing
 Details: The terms of Ms. Warrell's Executive Services Agreement for the position of Chief Financial Officer and Company Secretary of the Company was \$45,000 including statutory superannuation requirements and a termination period of three (3) months by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2021 as setout below:

Name	Date	Shares	Issue price	\$
Elizabeth Warrell	31 March 2021	150,000	\$0.15	22,500
Elizabeth Warrell	2 August 2021	273,364	\$0.065	17,769

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2021. There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date ⁽¹⁾	Expiry date	Fair value per right at grant date
12 March 2020	28 February 2022	28 February 2022	\$0.15
1 April 2020	31 March 2021	31 March 2021	\$0.15
28 October 2020	31 October 2021	31 October 2021	\$0.065
28 October 2020	31 October 2022	31 October 2022	\$0.065
28 October 2020	31 October 2023	31 October 2023	\$0.065
1 April 2020	31 March 2021	31 March 2021	\$0.065
28 October 2020	31 October 2023	31 October 2023	\$0.065

⁽¹⁾ All employee performance rights vested ahead of the demerger effective 2 August 2021.

There was no performance right granted to KMP during the year. Performance rights granted carry no dividend or voting rights. Key Performance Indicators set for each KMP determine the award of performance rights with vesting and conversion contingent on continued employment. The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Number of rights granted during the year	Number of rights granted during the year	Number of rights vested during the year	Number of rights vested during the year
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Timothy Hart	-	-	-	-
Scott Minehane	-	-	-	-
Barnaby Egerton-Warburton	-	-	-	-
Nickolas John Karantzis ⁽¹⁾	-	-	-	-
Christakis Taoushanis ⁽²⁾	-	-	-	35,000
Elizabeth Warrell ⁽³⁾	-	446,728	423,364	23,364

⁽¹⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

⁽²⁾ Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

⁽³⁾ Consistent with the rules of the employee share scheme, ahead of the demerger, all outstanding performance rights for Ms Warrell were vested in August 2021.

Additional information

The earnings and performance of the consolidated entity have been reported for the 2021 and 2020 full years, as continuing operations. The historical results for the full years ended 2020, 2019, 2018 and 2017 have been shown as originally reported including both continuing and discontinued operations below:

Year Ended:	31-Dec-21 Continuing Operations \$	31-Dec-20 Continuing Operations \$	31-Dec -20 As reported \$	Restated 31-Dec-19 \$	31-Dec-18 \$	31-Dec-17 \$
Revenue and other income	44,820	207,085	37,309,795	30,841,297	6,623,413	1,889,915
Profit / (Loss) before income tax expense	(5,644,652)	(4,509,573)	2,877,765	2,254,881	(8,030,052)	(4,950,486)
Share Price as at date of year end	\$1.07*	\$1.07*	\$1.07*	\$1.07*	\$0.15	\$0.15
Dividend paid	Nil	Nil	Nil	Nil	Nil	Nil

* Since October 2019 the Company's shares have remained suspended on the ASX, the share were last traded at \$1.07.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Barnaby Egerton-Warburton	5,453,667	-	-	-	5,453,667
Timothy Hart	16,141,220	-	-	-	16,141,220
Nickolas John Karantzis ⁽¹⁾	451,297,754	-	-	-	451,297,754
Scott Minehane	10,604,633	-	-	-	10,604,633
Christakis Taoushanis ⁽²⁾	2,585,000	-	-	-	2,585,000
Elizabeth Warrell	23,364	423,364	-	-	446,728
	486,105,638	423,364	-	-	486,529,002

⁽¹⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

⁽²⁾ Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Barnaby Egerton-Warburton	-	-	-	-	-
Timothy Hart	-	-	-	-	-
Nickolas John Karantzis ⁽¹⁾	-	-	-	-	-
Scott Minehane	-	-	-	-	-
Christakis Taoushanis ⁽²⁾	-	-	-	-	-
Elizabeth Warrell	423,364	-	423,364	-	-
	423,364	-	423,364	-	-

⁽¹⁾ Effective 29 December 2021 Mr Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

⁽²⁾ Mr Christakis resigned as a Director of iSignthis Ltd effective 31 August 2021.

Loans to key management personnel and their related parties

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

Directors' Report – Other Matters

Shares issued on the exercise of options

For the year ended 31 December 2021 and up to the date of this report, no shares were issued on the on the exercise of options granted.

Shares under option

At the date of this report there are no unissued ordinary shares of iSignthis Ltd under option.

Shares under performance rights

There is no share under performance right at the date of this report.

Shares issued on the vesting of performance rights

The following ordinary shares in consolidated entity were issued during the year ended 31 December 2021 and up to the date of this report on the exercise of performance rights granted:

Date performance rights vested	Number of shares issued
25 February 2021	23,750
31 March 2021	654,801
30 April 2021	69,000
1 July 2021	4,545
2 August 2021	2,442,857
	<hr/>
	3,194,953
	<hr/> <hr/>

The following ordinary shares in consolidated entity were issued during the year ended 31 December 2020 on the exercise of performance rights granted:

Date performance rights vested	Number of shares issued
6 January 2020	50,000
2 March 2020	62,500
2 April 2020	10,000
20 April 2020	74,000
1 May 2020	30,616
8 August 2020	76,375
11 August 2020	6,000
2 September 2020	1,588,364
10 December 2020	363,728
28 February 2021	18,750
28 February 2021	5,000
	<hr/>
	2,285,333
	<hr/> <hr/>

Principal Activities

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

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

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

Significant changes in the state of affairs

On 18 October 2021 iSignthis Ltd finalised the demerger between the Company and its subsidiary ISX Financial EU Plc ('ISX EU'). The demerger was completed after a shareholder vote, where 98.13% of shareholder's voted in favour, which excluded major shareholders Select All Enterprise Ltd and Red 5 Solutions Ltd. The demerger saw ISX EU and the majority of the Group's subsidiaries demerge, with iSignthis Ltd retaining only iSignthis Australia Pty Ltd as its remaining subsidiary.

On the 29 December 2021, it was announced that the Group's Managing Director, Mr John (NJ) Karantzis would step aside in his role as Managing Director, but would remain as a non-executive director of the Company. On 15 March 2022, it was announced that Mr Karantzis had resigned as a Non-Executive Director.

During the year ended 31 December 2021, the consolidated entity issued 3,194,953 fully paid ordinary shares upon the vesting of performance rights.

On the 5 December 2019 the Company commenced Federal Court proceedings against the Australian Securities Exchange ("ASX" or "the exchange"), due to the ASX decision to suspend, and not reinstate, the Company's shares from quotation on the exchange. The latest revision of the statement of claim alleges misleading and deceptive conduct by the ASX, and includes damages against the ASX totalling more than \$464.7m.

On 7 December 2020, ASIC served iSignthis with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek 'civil penalties' against iSignthis and its Managing Director arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020. iSignthis and its Managing Director continue to vigorously contest the claims.

There were no other significant changes in the state of affairs of the consolidated entity during the year ended 31 December 2021.

Matters subsequent to the end of the financial year

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

Likely developments and results of operations

On 18 October 2021 iSignthis Ltd finalised the demerger between the Company and its subsidiary ISX Financial EU Plc ('ISX EU'). The demerger was completed after a shareholder vote, where 98.13% of shareholder's voted in favour, which excluded major shareholders Select All Enterprise Ltd and Red 5 Solutions Ltd. The demerger saw ISX EU and the majority of the Group's subsidiaries demerge, with iSignthis Ltd retaining only iSignthis Australia Pty Ltd as its remaining subsidiary.

In 2022 the business will start rebuilding its Australian strategy and will look as to how it can commercialise its payment scheme licenses for future growth.

Further, the Company will focus its efforts in 2022 in its legal action taken against the Australian Securities Exchange (ASX). The Company's current statement of claim totals \$464.7 million.

Corporate governance statement

Our corporate governance statement is available on our website at: www.isignthis.com/investors.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of or against the company

The Company has commenced legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019.

On 7 December 2020, ASIC served iSignthis with a statement of claim in civil proceedings to be conducted in the Federal Court of Australia. The proceedings seek civil penalties against iSignthis arising from some alleged continuous disclosure breaches and alleged misleading information in 2018 and mid-2020. iSignthis will vigorously contest the claims.

Non-audit services

In 2021, BDO Audit Pty Ltd performed a limited assurance review of the financial year 2020 historical pro-forma financials for inclusion in the Prospectus, in relation to the demerger of ISX Financial EU Plc. Apart from this limited review, there were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former audit partners of BDO Audit Pty Ltd

There are no officers of the Company who are former audit partners of BDO Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

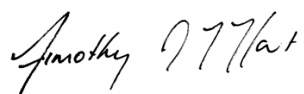
Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

iSignthis Ltd is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001. On behalf of the directors,



Timothy Hart
Executive Chairman
31 March 2022

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF ISIGNTHIS LTD

As lead auditor of iSignthis Ltd for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iSignthis Ltd and the entities it controlled during the period.



Tim Aman
Director

BDO Audit Pty Ltd

Sydney, 31 March 2022

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



	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Revenue		-	-
Other income	5	44,820	207,085
Expenses			
Corporate expenses	6	(4,684,259)	(3,017,407)
Advertising & marketing expense		(16,600)	(71,921)
Employee benefits expense		(502,547)	(932,122)
IT expenses		(90)	(67,418)
Other expenses		(16,701)	-
Share based payments		(210,533)	(353,157)
Net realised/unrealised foreign exchange gain/(loss)		(258,742)	(274,633)
Profit/(loss) before income tax expense		<u>(5,644,652)</u>	<u>(4,509,573)</u>
Income tax expense	7	-	-
Profit/(loss) for the year from continuing operations		<u>(5,644,652)</u>	<u>(4,509,573)</u>
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	8	<u>3,114,037</u>	<u>5,870,301</u>
Profit/(loss) for the year		<u><u>(2,530,615)</u></u>	<u><u>1,360,728</u></u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>96,430</u>	<u>(440,243)</u>
Other comprehensive (loss)/income for the half-year, net of tax		<u>96,430</u>	<u>(440,243)</u>
Total comprehensive income/(loss) for the year		<u><u>(2,434,185)</u></u>	<u><u>920,485</u></u>
Profit/(loss) for the year is attributable to:			
Non-controlling interests	26	(13,725)	(552,800)
Owners of iSignthis Ltd		<u>(2,516,890)</u>	<u>1,913,528</u>
		<u><u>(2,530,615)</u></u>	<u><u>1,360,728</u></u>
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests	26	(13,725)	(552,800)
Owners of iSignthis Ltd		<u>(2,420,460)</u>	<u>1,473,285</u>
		<u><u>(2,434,185)</u></u>	<u><u>920,485</u></u>
Earnings per share attributable to the ordinary equity holders of the parent	36	Cents	Cents
Profit/(loss) for the year			
Basic		(0.23)	0.17
Diluted		(0.23)	0.17
Profit/(loss) from continuing operations			
Basic		(0.51)	(0.41)
Diluted		(0.51)	(0.41)

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

	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	9	2,920,409	16,611,465
Trade and other receivables	10	59,583	1,594,640
Funds held on behalf of merchants	11	-	98,027,440
Other assets	12	690,784	1,680,792
Total current assets		3,670,776	117,914,337
Non-current assets			
Convertible note receivable	13	6,600,000	-
Plant and equipment	14	-	1,132,547
Right-of-use assets	15	-	1,713,318
Intangibles	16	-	5,148,746
Deferred Tax	7	-	96,493
Investment in Associate	17	-	5,512,073
Total non-current assets		6,600,000	13,603,177
Total assets		10,270,776	131,517,514
Liabilities			
Current liabilities			
Trade and other payables	18	782,867	5,488,797
Contract liabilities	19	-	165,638
Lease liability	20	-	512,956
Employee benefits	21	-	470,067
Funds held on behalf of merchants	11	-	98,027,440
Total current liabilities		782,867	104,664,898
Non-current liabilities			
Lease liability	22	-	1,270,685
Deferred tax liabilities	7	-	81,385
Employee benefits	23	-	70,274
Total non-current liabilities		-	1,422,344
Total liabilities		782,867	106,087,242
Net assets		9,487,909	25,430,272
Equity			
Issued capital	24	36,840,342	49,674,485
Reserves	25	-	1,357,216
Accumulated losses		(27,352,433)	(26,366,276)
Equity attributable to owners of the parent		9,487,909	24,665,425
Contribution to equity from non-controlling interest	26	-	764,847
Total equity		9,487,909	25,430,272

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

Consolidated statement of changes in equity

	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Non-controlling interest \$	Other reserves \$	Total equity \$
Consolidated						
Balance at 1 January 2021 previously reported	49,674,485	17,305	(26,366,276)	764,847	1,339,911	25,430,272
Loss for the year	-	-	(2,516,890)	(13,725)	-	(2,530,615)
Other comprehensive income for the year, net of tax	-	-	-	-	96,430	96,430
Total comprehensive income/(loss) for the year	-	-	(2,516,890)	(13,725)	96,430	(2,434,185)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 24)	338,326	(338,326)	-	-	-	-
Distribution to owners	-	-	204,881	(751,122)	-	(546,241)
Reduction in capital from demerger	(13,172,469)	-	-	-	-	(13,172,469)
Share-based payments	-	210,532	-	-	-	210,532
Transfer between reserves	-	110,489	1,325,852	-	(1,436,341)	-
Balance at 31 December 2021	<u>36,840,342</u>	<u>-</u>	<u>(27,352,433)</u>	<u>-</u>	<u>-</u>	<u>9,487,909</u>

	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Non-controlling interest \$	Other reserves \$	Total equity \$
Consolidated						
Balance at 1 January 2020 previously reported	47,970,023	413,447	(28,564,473)	-	(102,199)	19,716,798
Impact of correction of error on opening balance	-	-	37,169	-	-	37,169
Balance at 1 January 2020 - restated	<u>47,970,023</u>	<u>413,447</u>	<u>(28,527,304)</u>	<u>-</u>	<u>(102,199)</u>	<u>19,753,967</u>
Profit/(loss) after income tax expense for the year	-	-	1,913,528	(552,800)	-	1,360,728
Other comprehensive income for the year, net of tax	-	-	-	-	(440,243)	(440,243)
Total comprehensive income/(loss) for the year	-	-	1,913,528	(552,800)	(440,243)	920,485
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 24)	1,704,462	(501,799)	-	-	-	1,202,663
Non-Controlling Interest Contributions to equity (note 26)	-	-	-	1,317,647	1,882,353	3,200,000
Share-based payments	-	353,157	-	-	-	353,157
Lapse of options and rights	-	(247,500)	247,500	-	-	-
Balance at 31 December 2020	<u>49,674,485</u>	<u>17,305</u>	<u>(26,366,276)</u>	<u>764,847</u>	<u>1,339,911</u>	<u>25,430,272</u>

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

	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		28,087,018	35,153,036
Payments to suppliers and employees		(25,542,073)	(30,237,437)
Interest received		35,145	46,823
Government grants & tax incentives received		189,105	972,455
Income taxes paid		(1,115,814)	(1,347,296)
Other (net of Mastercard fee refund and charge)		289,484	-
Net cash generated from/(used in) operating activities	35	<u>1,942,865</u>	<u>4,587,581</u>
Cash from investing activities			
Payment for shares in Associate	17	(1,000,000)	(6,020,000)
Payments for plant and equipment	14	(145,232)	(533,784)
Payments for intangibles	16	(3,062,990)	(2,821,181)
Cash contribution from investment partner	26	-	3,200,000
Cash disposed on demerger		(10,365,167)	-
Net cash (used in) investing activities		<u>(14,573,389)</u>	<u>(6,174,965)</u>
Cash flows from financing activities			
Repayment of lease liabilities		(364,155)	(370,817)
Proceeds from exercise of options	24	-	361,122
Loan repayment from demerger group		310,761	-
Other (Merchant security received and card scheme membership security)		(1,044,054)	610,264
Net cash (used in)/generated from financing activities		<u>(1,097,448)</u>	<u>600,569</u>
Net (decreased)/increase in cash and cash equivalents		(13,727,972)	(986,815)
Cash and cash equivalents at the beginning of the financial year		16,611,465	17,703,578
Effects of exchange rate changes on cash and cash equivalents		36,916	(105,298)
Cash and cash equivalents at the end of the financial year	9	<u>2,920,409</u>	<u>16,611,465</u>
Net cash flows from discontinued operations	8	<u>(3,192,269)</u>	<u>851,080</u>

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

Note 1. General information

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

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

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Going Concern

The continuing operations of the group recorded a loss of \$5.6 million in the year ended 31 December 2021, with no revenue generated. Cash on hand as at 31 December 2021 was \$2.9 million (31 December 2020: \$16.6 million). Further to this, anticipated corporate expenses to be incurred over the 12 months from the date of authorisation of this report exceed the cash holdings as at 31 December 2021.

Note 2. Significant accounting policies (continued)

This condition indicates a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors have prepared the financial report on a going concern basis taking into consideration the following factors:

- Convertible note receivable from ISX Financial EU Plc ('ISX EU') for \$6.6 million, which is repayable by 2031, however is expected to be repaid earlier if required. Consistent with this expectation, ISX EU repaid \$1.5 million in March 2022, and have indicated further repayments will be made in 2022 (although early repayments are at ISX EU's discretion);
- Potential favourable outcome in respect to the legal case brought against the ASX;
- Expected rationalisation of expenses in 2022, with significant legal costs incurred in 2021 not expected to reoccur at the same level and costs related to the demerger of ISX Financial EU Plc not expected to reoccur; and
- Anticipated future revenue, once the Group commercialises its payments scheme licenses in Australia.

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

The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

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

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

Discontinued operations

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

Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Note 2. Significant accounting policies (continued)

Demerger Accounting

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

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

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

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

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

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

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

The demerger was booked as a debit to share capital since this was a return of capital to shareholders.

Current and non-current classification

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

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

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

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

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

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

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

Finance costs

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

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

Note 3. Critical accounting judgments, estimates and assumptions

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

Revenue Recognition

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

Share-based payment transactions

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

Estimation of useful lives of assets

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

Note 3. Critical accounting judgments, estimates and assumptions (continued)

Impairment of non-financial assets

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

Employee benefits provision

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

Note 4. Operating segments

Identification of reportable operating segments

The operating segments are analysed by the Executives of the consolidated entity who ultimately report to the board of Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources. The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Post the demerger of ISX Financial EU Plc, the consolidated entity is organised into one operating segment which consists of both iSignthis Ltd and its subsidiary iSignthis Australia Pty Ltd, which both of which hold payment licences for Australia. This operating segment is based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources. For financial information on continuing operations please see the Consolidated Statement of Profit or Loss and other Comprehensive Income. For financial information on the discontinued operations, please refer to note 8 – Discontinued Operations.

Prior to the demerger, the Group operated across four main operating divisions, with various product/services brands within each of those divisions, they include:

- *Regulated eMoney & Payment Services*: Payments, eMoney and transactional banking services;
- *RegTech Solutions*: Core banking, core networking platforms, identity and other banking software services;
- *Regulated Securities Exchange*: including holdings in the public quoted National Stock Exchange of Australia Ltd, and in ClearPay, our digital ledger technology delivery versus payment company; and
- *Intellectual Property*: A number of granted and pending patents applicable to anti-money laundering, payment verification and payments, across multiple jurisdictions.

The results of the Group for the 2021 year including both continuing and discontinued operations under the old operating segments pre-demerger are presented below.

Consolidated - 31 December 2021	Regulated eMoney & Payment Services						Total
	Australia	Europe	Reg- Tech Solutions	Regulated Securities Exchanges	Intellectual Property	Corporate Items	
	\$	\$	\$	\$	\$	\$	\$
Revenue and Other Income							
Sales to external customers	157,601	25,977,652	1,632,444	-	-	-	27,767,697
Government grants (includes R&D Tax concessions)	172,587	-	-	-	-	-	172,587
Interest	1,019	8,848	-	1,043	-	44,820	55,730
Total revenue and other income	331,207	25,986,500	1,632,444	1,043	-	44,820	27,996,014
Expenses							
Corporate expenses	(441,187)	(2,195,166)	(331,623)	(171,093)	(226,795)	(4,786,539)	(8,152,403)
Advertising & marketing	-	(112,562)	(18,970)	-	-	(16,600)	(148,132)
Employee benefits expense	(614,262)	(5,883,353)	(995,334)	1,266,463	-	(568,283)	(6,794,769)
Research & development expenses	(568,352)	-	-	(349,761)	-	-	(918,113)
Depreciation & amortisation expense	(402,501)	(305,903)	(956,448)	(19,688)	(76,431)	-	(1,760,971)
Impairment of investment in associate	-	(368,066)	-	-	-	-	(368,066)
Share of losses from investment in associate	-	(436,427)	-	-	-	-	(436,427)
IT expenses	(520,384)	(944,586)	(93,854)	116,513	-	(90)	(1,442,401)
Other expenses	(31,191)	(7,841)	(23,100)	-	-	(16,864)	(78,996)
Operating costs	3,111	(8,303,930)	(463,984)	-	-	-	(8,764,803)
Share based payments	-	-	-	-	-	(210,532)	(210,532)
Finance costs	(7)	-	(99,707)	-	-	-	(99,714)
Intercompany expense recharge	-	(1,106,951)	-	1,106,951	-	-	-
Net realised/unrealised foreign exchange gain/(loss)	(28,841)	335,371	48,753	(233,582)	(23)	(279,028)	(157,350)
	(2,603,614)	(19,329,414)	(2,934,267)	1,715,803	(303,249)	(5,877,936)	(29,332,677)
Profit/(loss) before income tax expense	(2,272,407)	6,657,086	(1,301,823)	1,716,846	(303,249)	(5,833,116)	(1,336,663)
Income tax expense	-	-	-	-	-	-	(1,193,952)
Profit/(loss) for the year	(2,272,407)	6,657,086	(1,301,823)	1,716,846	(303,249)	(5,833,116)	(2,530,615)
Profit/(loss) for the year from continuing operations	24,636	-	-	-	-	(5,669,288)	(5,644,652)

Note 4. Operating segments (continued)

The results of the Group for the 2020 year including both continuing and discontinued operations under the old operating segments pre-demerger are presented below.

Consolidated - 31 December 2020	Regulated eMoney & Payment Services			Regulated Securities Exchanges	Intellectual Property	Corporate Items	Total
	Australia	Europe	Reg- Tech Solutions				
	\$	\$	\$	\$	\$	\$	\$
Revenue and Other Income							
Sales to external customers	1,476,466	32,655,914	2,158,137	-	-	-	36,290,517
Government grants (includes R&D tax concessions)	816,855	-	-	-	-	155,600	972,455
Interest	16,178	11,678	-	6,386	-	12,581	46,823
Total revenue and other income	2,309,499	32,667,592	2,158,137	6,386	-	168,181	37,309,795
Expenses							
Corporate expenses	(782,195)	(1,920,116)	(433,966)	(4,678)	(213,501)	(3,506,195)	(6,860,651)
Advertising & marketing	(15,240)	(241,027)	(3,802)	-	-	(71,921)	(331,990)
Employee benefits expense	(2,094,437)	(2,839,818)	(1,537,895)	-	-	(991,830)	(7,463,980)
Research & development expenses	(713,865)	-	-	-	-	-	(713,865)
Depreciation & amortisation expense	(166,912)	(43,704)	(922,137)	-	(96,552)	-	(1,229,305)
Share of losses from investment in associate	-	-	-	(507,927)	-	-	(507,927)
IT expenses	(791,046)	(961,572)	(176,308)	-	-	(67,418)	(1,996,344)
Other expenses	(18,605)	(98,238)	(43,351)	-	-	(137)	(160,331)
Operating costs	(647,715)	(14,008,798)	(156,992)	-	-	-	(14,813,505)
Share based payments	-	-	-	-	-	(353,157)	(353,157)
Finance costs	(7)	-	(72,131)	-	-	1,809	(70,329)
Intercompany expense recharge	-	(1,565,720)	1,565,720	-	-	-	-
Net realised/unrealised foreign exchange gain/(loss)	174,324	227,999	(253,349)	154,310	-	(233,930)	69,354
	(5,055,698)	(21,450,994)	(2,034,211)	(358,295)	(310,053)	(5,222,779)	(34,432,030)
Profit/(loss) before income tax expense	(2,746,199)	11,216,598	123,926	(351,909)	(310,053)	(5,054,598)	2,877,765
Income tax expense							(1,517,037)
Profit/(loss) for the year	(2,746,199)	11,216,598	123,926	(351,909)	(310,053)	(5,054,598)	1,360,728
Profit/(loss) for the year from continuing operations	27,334	-	-	-	-	(4,536,907)	(4,509,573)

Note 5. Other income

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

Interest income

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

Note 6. Corporate expenses

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Legal fees	(3,546,002)	(1,880,015)
Advisory and Audit fees	(633,641)	(522,291)
Insurance expenses	(285,389)	(242,790)
Other corporate expenses	(219,227)	(372,311)
Total corporate expenses	<u>(4,684,259)</u>	<u>(3,017,407)</u>

Legal and advisory costs

Legal and advisory costs during the period largely relate to the demerger from ISX EU and the ongoing legal ASX and ASIC legal cases.

Note 7. Income tax

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit (Loss) before income tax expense	(5,644,652)	(4,509,573)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,467,610)	(1,240,133)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	54,738	97,118
Job keeper payment/government incentives	-	42,790
Costs related to capital account	985,856	-
	<u>(427,016)</u>	<u>(1,100,225)</u>
Deductible blackhole expenditure	60,209	67,174
Other timing differences	(124,290)	5,576
Income tax losses not taken up as a tax benefit	491,097	1,027,475
Income tax expense/(benefit)	<u>-</u>	<u>-</u>

Note 7. Income tax (continued)

	Consolidated	
	31 December 2021 \$	31 December 2020 \$
<i>Deferred tax assets/(liabilities) recognised in each of the tax jurisdictions are as follows:</i>		
Australia		
Tax losses	-	386,824
Employee cost capitalisation	-	(386,824)
Net deferred tax assets/(liabilities)	-	-
Lithuania		
Tax losses	-	148,516
Employee cost capitalisation	-	(52,023)
Net deferred tax assets	-	96,493
Cyprus		
Acquisition of Probanx Information Systems Ltd	-	(90,947)
Tax losses	-	93,553
Employee cost capitalisation	-	(83,991)
Net deferred tax liabilities	-	(81,385)
	Consolidated	
	31 December 2021 \$	31 December 2020 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses (Australia)	3,510,184	2,367,206
Temporary differences (Australia)	98,535	147,633
Total deferred tax assets not recognised	<u>3,608,719</u>	<u>2,514,839</u>

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

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

- i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law;
- iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses; and
- iv) the losses are transferred to an eligible entity in the consolidated group.

Accounting policy for income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 7. Income tax (continued)

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

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

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

Note 8. Discontinued Operations

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

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

	31 December 2021	31 December 2020
	\$	\$
Revenue and other income	27,951,194	37,141,614
Expenses	<u>(23,643,205)</u>	<u>(29,754,276)</u>
Profit before tax from discontinued operations	4,307,989	7,387,338
Income tax expense	<u>(1,193,952)</u>	<u>(1,517,037)</u>
Profit for the year from discontinued operations	<u><u>3,114,037</u></u>	<u><u>5,870,301</u></u>
	Cents	Cents
Earnings per share attributable to the ordinary equity holders of the parent from discontinued operations		
Basic profit per share	0.28	0.53
Diluted profit per share	0.28	0.53

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

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

Note 9. Current assets - cash and cash equivalents

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

Accounting policy for cash and cash equivalents

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

Note 10. Current assets - trade and other receivables

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

Accounting policy for trade and other receivables

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

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

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

Note 10. Current assets - trade and other receivables (continued)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 11. Current assets - funds held on behalf of merchants

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

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

Note 12. Current assets - other assets

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

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

Note 13. Non-current assets – Convertible note receivable

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

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

Note 14. Non-current assets - plant and equipment

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

Reconciliations

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

Consolidated	Computer and office equipment \$
Balance at 1 January 2020	824,109
Additions	533,784
Additions through business combinations	(14,013)
Depreciation expense	(211,333)
Balance at 31 December 2020	1,132,547
Additions	145,132
Depreciation expense	(191,681)
Deductions - Assets of Demerger group	(1,085,998)
Balance at 31 December 2021	-

Accounting policy for property, plant and equipment

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

Note 14. Non-current assets - plant and equipment (continued)

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

Computer and office equipment 2.5 - 7 years

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

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

Note 15. Non-current assets - right-of-use assets

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

Reconciliations

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

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

Accounting policy for right-of-use assets

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

Note 15. Non-current assets - right-of-use assets (continued)

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

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

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

Note 16. Non-current assets – intangibles

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

Reconciliations

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

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

Note 16. Non-current assets – intangibles (continued)

Accounting policy for intangible assets

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

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

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

Goodwill

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

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

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

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

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

Intellectual property

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

Patents	1- 15 years
---------	-------------

Internally developed software

An intangible asset arising from development (or from the development phase of an internal project) is recognised as internally generated software if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

The Group reviews internally developed software for impairment annually.

Note 16. Non-current assets – intangibles (continued)

Intangible assets acquired in a business combination

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

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

Note 17. Non-current assets - Investment in Associate

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

Investment in associate

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

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

Investment in NSX Limited

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

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

Note 18. Current liabilities - trade and other payables

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

Refer to note 27 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 19. Current liabilities - contract liabilities

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

Accounting policy for contract liabilities

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

Note 20. Current liabilities - lease liability

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

Refer to note 15 for accounting policy.

Refer to note 27 for further information on financial instruments.

Note 20. Current liabilities - lease liability (continued)

The following are the amounts recognised in profit or loss:

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

Note 21. Current liabilities - employee benefits

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Annual leave	-	470,067
	<u>-</u>	<u>470,067</u>

Accounting policy for employee benefits

Short-term employee benefits

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

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

Note 22. Non-current liabilities - lease liability

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Lease liability (refer to note 15 for accounting policy)	-	1,270,685
	<u>-</u>	<u>1,270,685</u>

Refer to note 27 for further information on financial instruments.

Accounting policy for borrowings

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

Note 23. Non-current liabilities - employee benefits

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

Accounting policy for other long-term employee benefits

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

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

Note 24. Equity - issued capital

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

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

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

Refer to note 2 – demerger accounting for the reduction in capital from demerger.

Note 24. Equity - issued capital (continued)

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

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

Ordinary shares

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

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

Share buy-back

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

Note 25. Equity - reserves

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

Foreign currency reserve

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

Share-based payments reserve

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

Other reserves

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

Movements in reserves

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

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

Note 26. Equity - Contribution to equity from non-controlling interest

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

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

Note 27. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

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

Price risk

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

Note 27. Financial instruments (continued)

Interest rate risk

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

	31 December 2021		31 December 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	\$	%	\$
Convertible Note Receivable	1.10%	6,600,000	-	-
Cash at bank	0.004%	<u>2,920,409</u>	0.29%	<u>16,611,465</u>
Net exposure to cash flow interest rate risk		<u><u>9,520,409</u></u>		<u><u>16,611,465</u></u>

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

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

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

Credit risk

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

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

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

Note 27. Financial instruments (continued)

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

Liquidity risk

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

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

Remaining contractual maturities

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

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

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

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

Note 28. Key management personnel disclosures

Directors

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

Mr Timothy Hart	(Independent, Non-Executive Chairman until 29 December 2021, become Executive Chairman from that date)
Mr Nickolas John Karantzis	(resigned as Managing Director on 29 December 2021, remained as Non-Executive Director from that date until 15 March 2022, when he resigned as a Non-Executive Director from that date)
Mr Scott Minehane	(Independent, Non-Executive Director)
Mr Barnaby Egerton-Warburton	(Independent, Non-Executive Director)
Mr Christakis Taoushanis	(Independent, Non-Executive Director, resigned on 31 August 2021)

Compensation

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

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

Note 29. Remuneration of auditors

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

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

Note 30. Contingent liabilities

ASIC

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

ASX Legal Fees

The Company has commenced legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019. The cost of the proceedings and the likelihood of a successful outcome against the Australia Securities Exchange (ASX) remain uncertain. If the Company is unsuccessful against the ASX it may be liable to pay the ASX's legal fees as they relate to the case. The Company holds no provision for this matter.

Note 31. Related party transactions

Parent entity

iSignthis Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

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

Transactions with related parties

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

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

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

Receivable from and payable to related parties

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

As at 31 December 2021, \$20,584 remains payable by Mr Karantzis to iSignthis Ltd. This amount is recorded in other receivables in note 10.

As at 31 December 2021, \$6,193 remains payable by iSignthis Ltd to ISX Financial EU Plc (ISX EU). The amount is recorded in other payables (note 18). The amount related to an IT cost paid by ISX EU to the benefit of iSignthis Ltd.

As at 31 December 2020, NSX Limited owed \$30,250 to Authenticate Pty Ltd as mentioned in the transactions with related parties note above. The amount is recorded in trade receivables in note 10.

Note 31. Related party transactions (continued)

Loans to/from related parties

During the period, the company funded \$593,693 in legal fees for the then Managing Director, Mr Karantzis. The Company funded these fees in the short term as the Board of Directors believed it was in the best interest of the Company to support the then Managing Director to resolve his legal issues, so that he could relocate overseas, where the main business of the pre-demerger Group was located. All such legal fees were offset by the then Managing Director's remuneration and other payments, which were via ISX Financial EU Plc. As such, no expenses have been recorded by the Company for the year ended 31 December 2021 for these fees. The Company has charged the then Managing Director above market interest rates on these payments totalling \$20,585.

Convertible note receivable

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

Note 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

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

Note 32. Parent entity information (continued)

Statement of financial position

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

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

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

Contingent liabilities of the parent

ASIC

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

ASX Legal Fees

The Company has commenced legal proceedings against the Australia Securities Exchange (ASX) in the Federal Court of Australia, per file number VID1315/2019. The cost of the proceedings and the likelihood of a successful outcome against the Australia Securities Exchange (ASX) remain uncertain. If the Company is unsuccessful against the ASX it may be liable to pay the ASX's legal fees as they relate to the case. The Company holds no provision for this matter.

Capital commitments - Plant and equipment

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

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note , except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Interests in subsidiaries

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

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

(1) Previously known as ISX Financial EU Ltd

(2) Previously known as iSignthis Inc.

(3) Previously known as ISX Financial Pty Ltd

(4) Previously known as iSignthis Solutions Pty Ltd

Subsidiaries

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

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

Note 34. Events after the reporting period

On 29 December 2021, Mr Nickolas John Karantzis stepped aside as an Executive Director, but remained as a Non-Executive Director until 15 March 2022, when he resigned as a Non-Executive Director.

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

Note 35. Reconciliation of profit after income tax to net cash from operating activities

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

Note 36. Earnings per share

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

Note 36. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.23)	0.17
Diluted earnings per share	(0.23)	0.17
Basic earnings per share – continuing operations	(0.51)	(0.41)
Diluted earnings per share – continuing operations	(0.51)	(0.41)

Note 37. Share-based payments

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

31 December 2020

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

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

31 December 2021

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

Note 37. Share-based payments (continued)

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

31 December 2020

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

Note 37. Share-based payments (continued)

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

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

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

Accounting policy for share-based payments

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

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

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

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

Note 37. Share-based payments (continued)

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

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

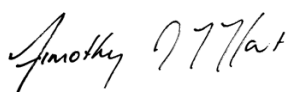
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Tim Hart
Executive Chairman

31 March 2022

INDEPENDENT AUDITOR'S REPORT

To the members of iSignthis Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iSignthis Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Demerger of subsidiaries

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the current year, a number of subsidiaries were demerged through a return of capital to shareholders.</p> <p>Refer to Note 8 of the financial report for disclosures around this demerger, as well as Note 2 for the relevant accounting policy applied.</p> <p>The demerger of subsidiaries is considered a key audit matter due to the judgement required in selecting an appropriate accounting policy, as well as the impact on the disclosures within the financial statements.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the judgements made by management in applying their accounting policy for the demerger, particularly around whether the transaction was under common control; • Assessing the date of demerger based on available evidence; • Reperforming calculations pertaining to the demerger, to confirm the accuracy and ensure the appropriate accounting treatment was applied; • Assessing the breakdown of amounts between continuing and discontinued operations up to the date of the demerger; • Performing cut off procedures to ensure the results from continuing and discontinued operations were materially correct and accounted for within the correct period; and • Evaluating the disclosures around the demerger to ensure accuracy and compliance with relevant accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of iSignthis Ltd, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 31 March 2022

The shareholder information set out below was applicable as at 22 February 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary quoted shares
1 to 1,000	2,034
1,001 to 5,000	3,392
5,001 to 10,000	1,815
10,001 to 100,000	3,050
100,001 and over	529
	<hr/>
	10,820
	<hr/> <hr/>
Holding less than a marketable parcel	760
	<hr/> <hr/>

Equity security holders

Twenty largest equity security holders

The names of the twenty largest security holders are listed below:

	Ordinary Shares	
	Number held	% of total shares issued
SELECT ALL ENTERPRISE LIMITED	447,797,754	40.68
RED 5 SOLUTIONS LIMITED	109,000,000	9.90
UBS NOMINEES PTY LTD	68,118,749	6.19
ICEBREAK FLOW GLOBAL LIMITED	23,615,783	2.15
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,249,114	2.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,161,343	1.83
VASTIUM HOLDINGS LIMITED	15,291,597	1.39
CILI PADI LIMITED	10,104,633	0.92
IFM PTY LIMITED (IFM SUPER FUND A/C)	10,000,000	0.91
WARNEET SUPER PTY LIMITED <WARNEET SUPER FUND A/C>	6,668,606	0.61
BANNABY INVESTMENTS PTY LIMITED (BANNABY SUPER FUND A/C)	6,200,000	0.56
CITICORP NOMINEES PTY LIMITED	5,633,285	0.51
BOND STREET CUSTODIANS LIMITED (LAMAN - D05019 A/C)	5,331,394	0.48
ANDREW KARANTZIS	5,048,000	0.46
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,844,825	0.44
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <NOM1 A/C>	4,801,578	0.44
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,796,832	0.44
VICTORIA KIRIN PTY LTD (DROMANA COAST A/C)	4,400,000	0.40
CHAMPIO PTY LTD (CHAMPIO FAMILY A/C)	4,138,574	0.38
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,707,882	0.34
	<hr/>	
Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	782,909,949	71.12
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Unquoted equity securities

As at 22 February 2022 there are no unquoted securities in the Company.

Substantial holders

Substantial holders in the company are set out below:

Ordinary shares

	Number held	% of total shares issued
SELECT ALL ENTERPRISE LIMITED	447,797,754	40.68
RED 5 SOLUTIONS LIMITED	109,000,000	9.90

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

The logo for iSignthis, featuring the text "iSignthis" in a white, sans-serif font with a registered trademark symbol (®) to the upper right of the "s". The logo is centered on a dark blue background that is split into two diagonal sections. Each section contains a glowing, blue, digital-style graphic of wavy lines and dots, resembling a data visualization or a stylized waveform.

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