

Investor Presentation

iSignthis Ltd (ASX : ISX / FRA : TA8)

Investor presentation – June 2017 4C Quarterly Commentary

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SWIFT/BIC Code : ISEMCY21



iSignthis Limited (ASX: ISX / FRA : TA8)

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

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

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

Capital structure - ASX

Ordinary shares - quoted on ASX	631,869,714
Other shares – staff	1,709,251
Performance shares #	336,666,667
Total Shares – incl Perf/shrs	970,245,632
Share price (28 th July 2017)	A\$0.18
Market capitalisation – quoted & staff/escrow (A\$m)	A\$114
Market capitalisation - Incl Perf/Escrow (A\$m)	A\$175

Performance Shares

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

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

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

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

Options - unlisted

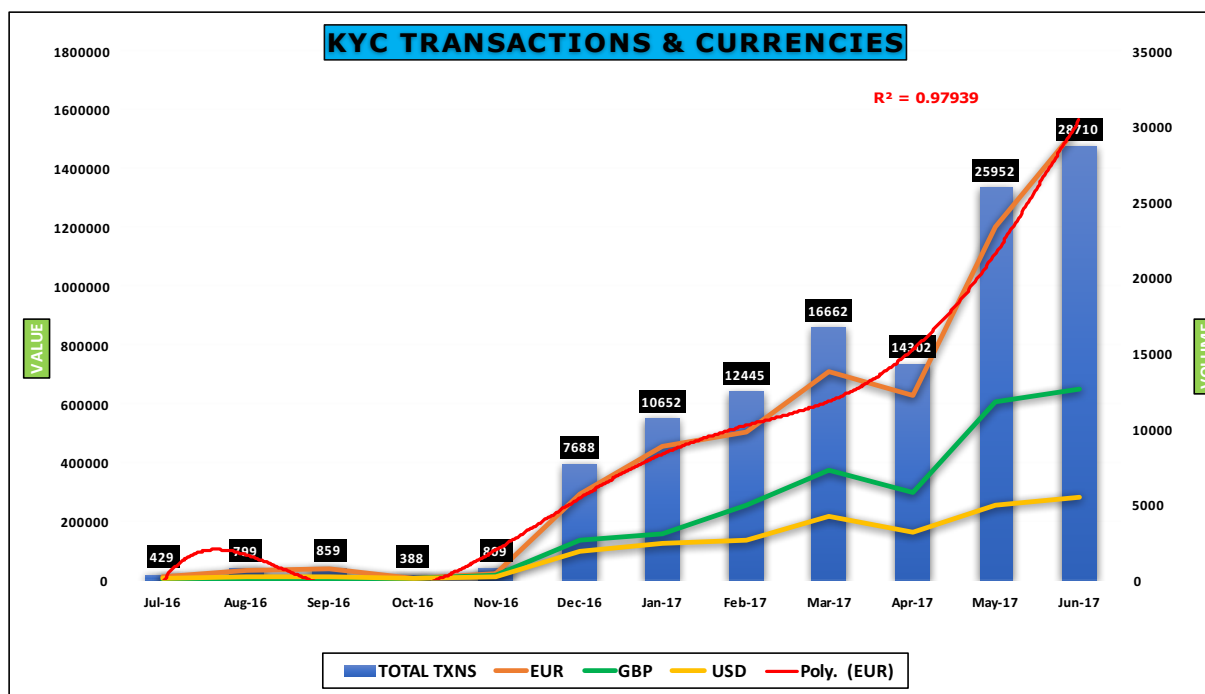
Unlisted advisor incentive options	28,000,000
- various expiry from July 2017, 2018 and 2019	
- various strike price from \$0.38, \$0.50 and \$0.62	

4C June 2017 Quarterly Commentary

- Cash Receipts Up 190% quarter on quarter (\$0.155m)
- Unaudited operating revenues of \$0.295m for the quarter ended 30 June 2017
- Transaction growth continuing (represented below)
- Full range of transactional banking services nearing completion
- KYC service operational for EU's June 26th, 2017 4th AML Directive
- Cash at bank \$3.85m (including longer term security deposits)
- Net Operating Cashflow in line with expectations (\$1.5m)

4C June 2017 Quarterly Commentary

Transactional processing (including the key element of KYC) is showing steady growth on a month on month basis. This is expected to continue to build as we deploy the services to a wider range of contracted customers, contract new customers and open fully the service to the global operations of the existing integrated merchants.

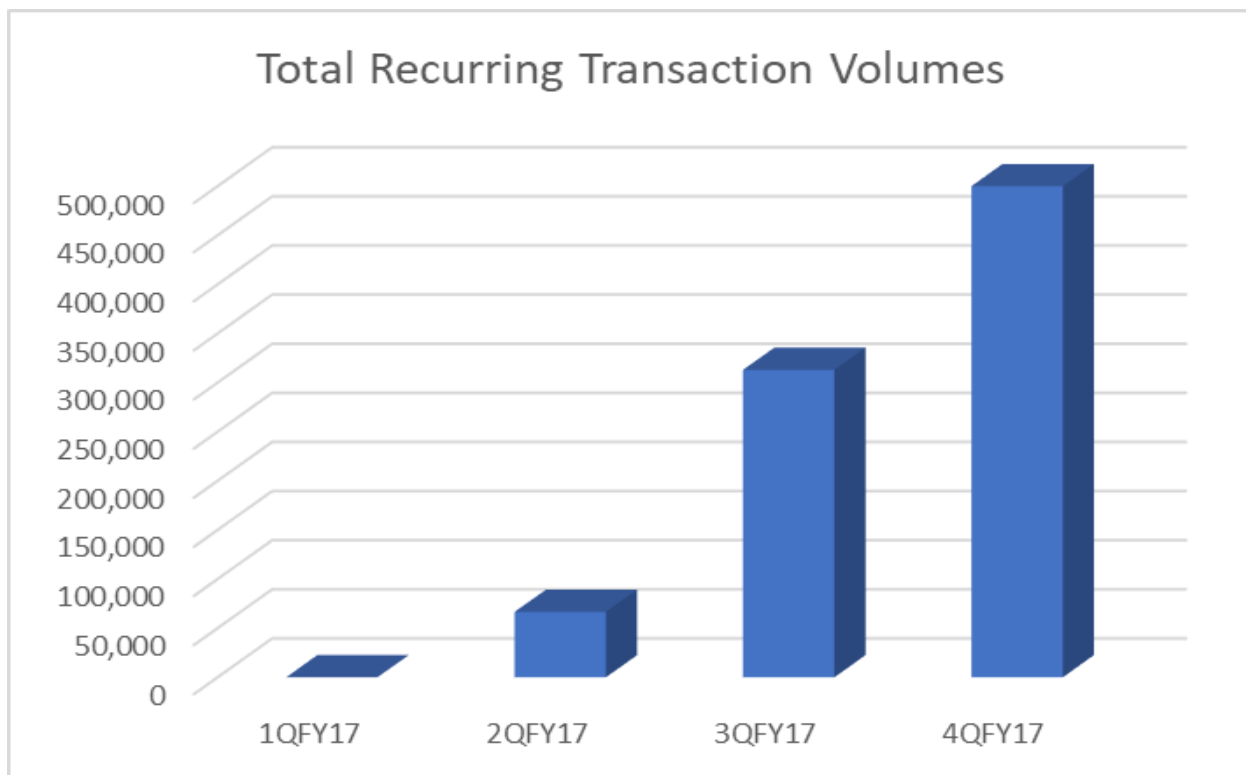


As mentioned in previous communications to the market, the business operates on a transactional basis with the various transactions (identity verification/KYC, payment processing & monitoring, and funds clearance and settlement) being billed at varying rates depending on volume, size and complexity.

Transaction growth therefore has a direct correlation with revenue on a per merchant basis, but not on a consolidated basis.

Transaction volume also demonstrates testing, integration and 'soak in' phase, that may be unbilled.

Live Paydentity™ transactions growing and additional customers are driving revenue



Note: Does not include one off integration testing transactions.

Customer	Transacting
Coinify / Blockchain	Now
XM.com	Now
Ixaris	Now
eMerchantPay	Now
Borgun	Now
Pepperstone	Late 2017 / Early 2018

Agenda

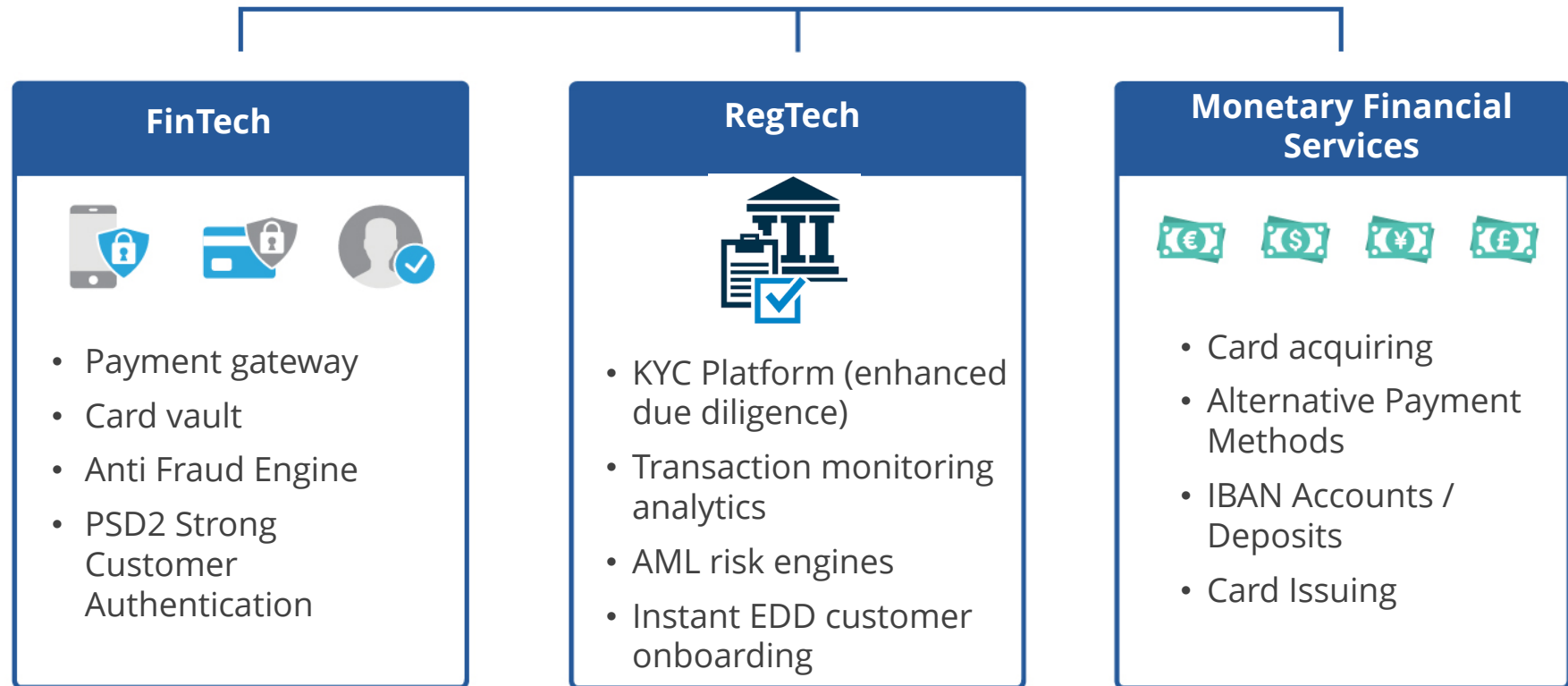
1. What do we do?
2. Regulatory evolution is driving change
3. Our technology advantage
4. What have we achieved so far?
5. Key Partnerships

1. What do we do?

iSignthis leads in RegTech, focus on payment and identity verification

iSignthis®

Global, Scalable Cloud Based Service



1. What do we do?

iSignthis automates AML/CTF KYC and transaction processing

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

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



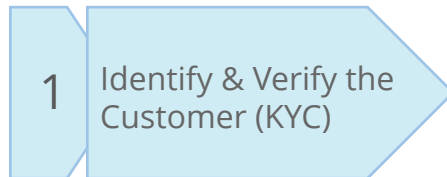
1. What do we do?

ISX has three core revenue streams

iSignthis collects revenue in three main streams



Verify

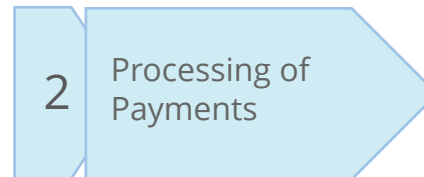


€ - flat fee per KYC verification

AML/CTF function



Process

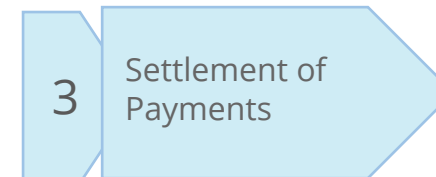


€ - flat fee per transaction

Payment processing
function



Settle



% share of transaction value

Acquiring/settlement

Eg: Potential income from each revenue stream

Verify

€2 to €25 per KYC
transaction depending on
individual client
agreements and volumes

Process

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

Settle

0.20% to 0.70% of the total
transaction value charged
on the customer
credit/debit card

2. Regulatory evolution is driving change

4AMLD and PSD2 are requiring a more rigorous approach

4AMLD (“Fourth Directive”)

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

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

2. Regulatory evolution is driving change

4AMLD and PSD2 are requiring a more rigorous approach

PSD2 & transactional payment processing authentication

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

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

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

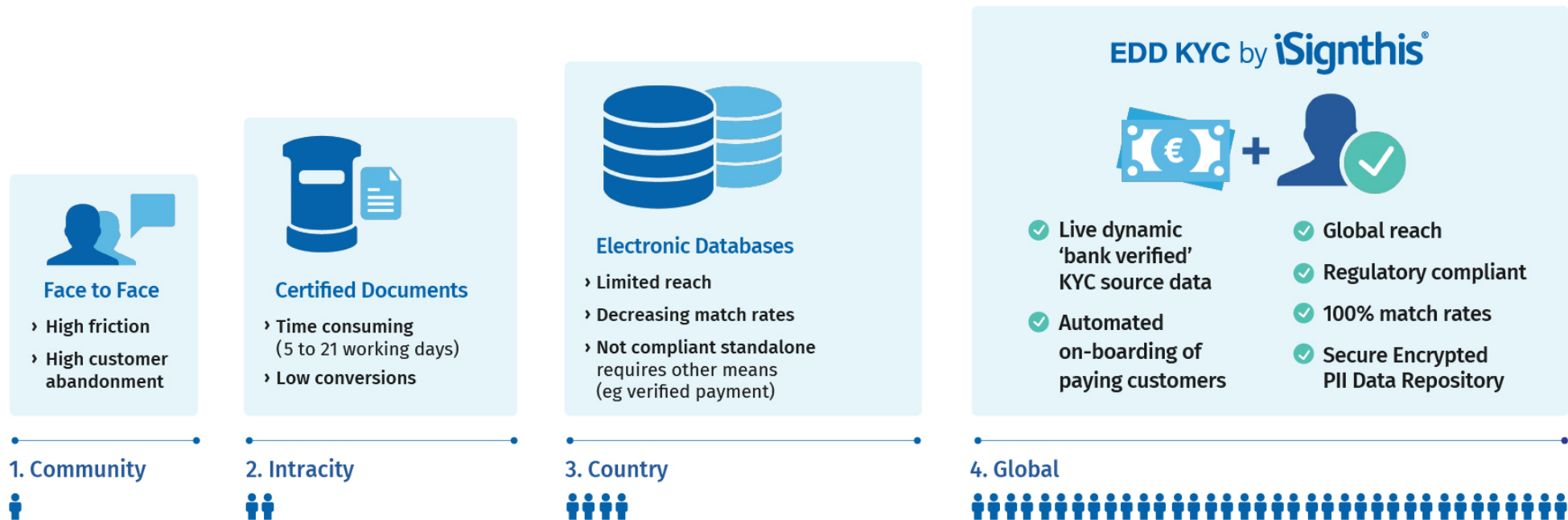
Our Strong Customer Authentication is a by-product of our 4AMLD solution

2. Regulatory evolution is driving change

The method of establishing identity has evolved

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

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



3. Our technology advantage

ISX can identify & verify 62% of the worlds population

iSignthis leverages the “KYC” that banks perform by dynamically linking the payment instrument to the person making the payment – providing verification of the “banked” persons in the world.

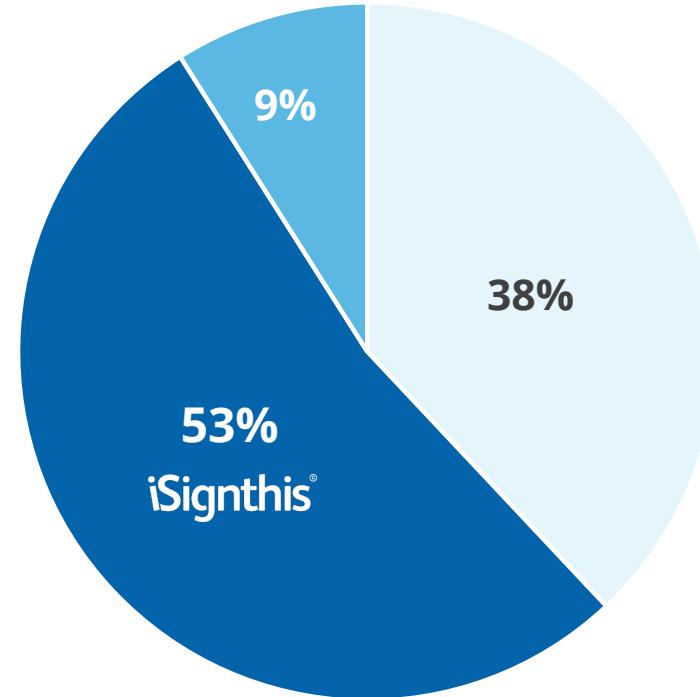
CRA Database - 9% coverage

Traditional CRA's and KYC databrokers **compete** for limited market size.



Banked – 62% coverage iSignthis®

- 62% of the world is banked
- 9.6Bn regulated Credit/Debit Cards on Issue (source of EDD) *Nilsen
- 62% Banked includes 9% CRA Database coverage
- Corresponding High ARPU
- iSignthis provides instant access to these customers



■ Unbanked ■ Banked ■ CRA Database

Unbanked – 38%

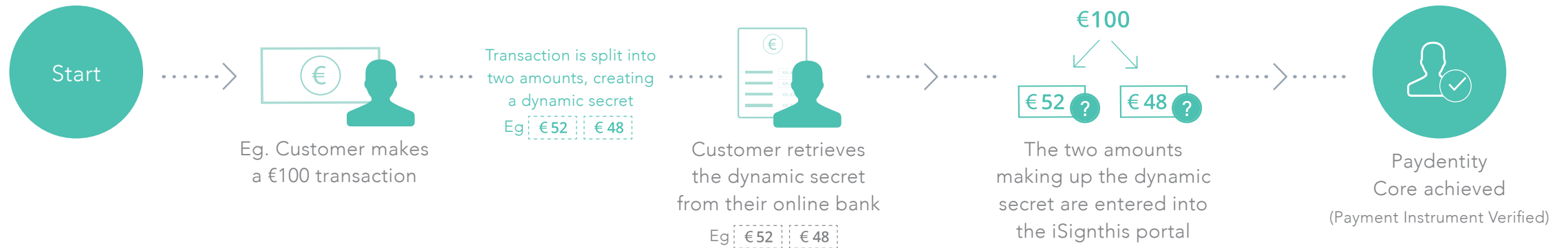
- 38% of the world is not banked
- Corresponding Low ARPU
- Manual processing with no digital/electronic solution
- Not targeted by ISX

Source:
<http://datatopics.worldbank.org/financialinclusion/>

3. Our technology advantage

Patented technology uses a split payment method to verify identity

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



4. What we have achieved?

The building blocks have been established and transaction volumes are growing

- Patented Paydentity™ process, providing barriers to entry
- Listed on the Australian Securities Exchange (ASX)
- Built and delivered Paydentity™ from a concept to a working model, including back end connectivity to numerous banks and financial institutions.
- Paydentity™ certified PCI DSS Level 1 in the cloud.
- National Australia Bank (ASX : NAB) Payment Facilitation agreement
- Contracted multiple AML sector businesses across various sectors and jurisdictions, proving Paydentity™ business and compliance case.
- EEA Authorised Monetary Financial Institution (MFI)
- ISO27001 Certified and EC GDPR ready
- Recurring Paydentity™ transactions commenced on commercial scale
- Transactional revenues growing steadily as more customers go live



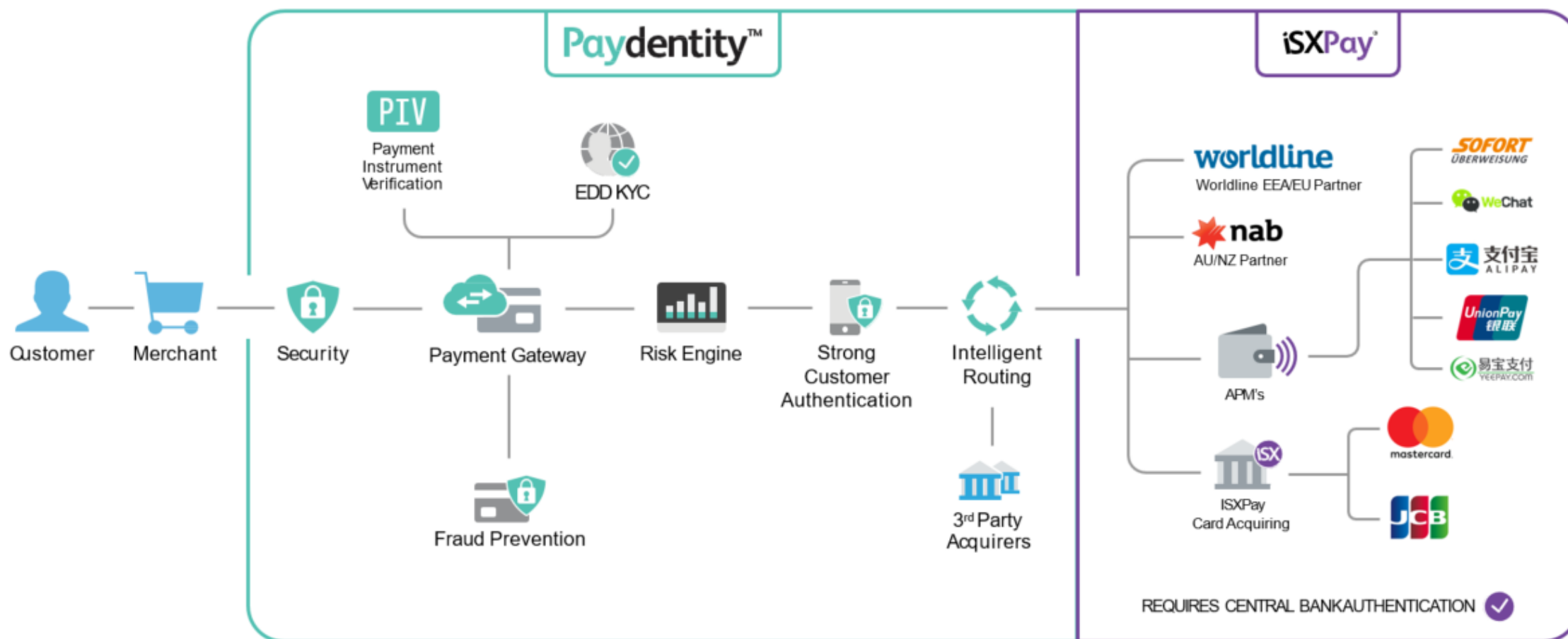
5. Key Partnerships (Supply arrangements)

Key partnerships allow for settlement revenue stream to commence near term

- The Company has completed integration to the National Australia Bank as part of the previously announced payment facilitation agreement.
 - Discussions are now in place to offer settlement services to existing contracted merchants for their Australian operations as well as securing agreements with new customers in both the regulated and non-regulated industries.
- Completing integration with Worldline to offer similar settlement services to EU merchants.
- We are principal members of Mastercard and JCB card schemes



iSignthis Services – one API for Paydentity and ISXPay



Appendices

Recent industry M&A transactions

Blackstone, CVC make \$3.7 billion bid for payments firm Paysafe

- Blackstone and CVC Capital Partners made a \$3.71 billion bid for payments processing company Paysafe Group
- Payments firms have become targets for credit card companies and banks seeking to capitalize on payment services via smartphones and other mobile devices

Friday, 21 Jul 2017 | 4:46 AM ET



A consortium of [Blackstone](#) and CVC Capital Partners has made a 2.86 billion pound (\$3.71 billion) bid for payments processing company [Paysafe Group](#), joining a growing number of deals in the sector.

The 590 pence per share all-cash offer represents a premium of about 9 percent to Paysafe's closing price on Thursday.

In a separate statement, Paysafe said it had also agreed to buy U.S. peer Merchants Choice Payments Solutions for \$470 million.

Payments companies have become targets for credit card companies and banks seeking to capitalise on a switch from cash transactions to paying by smartphone or other mobile device.







Recently, U.S. credit card processor [Vantiv](#) made a 7.7 billion pounds bid for Britain's [Worldpay](#), while Danish payment services firm [Nets A/S](#) revealed it had been approached by potential buyers.

Paysafe reported financials – CY16 (Dec y/e) – US\$

- Revenue US\$1.0bn
- Adjusted EBITDA US\$301m
- Implied Revenue multiple 3.7x
- Implied EBITDA multiple 12.3x

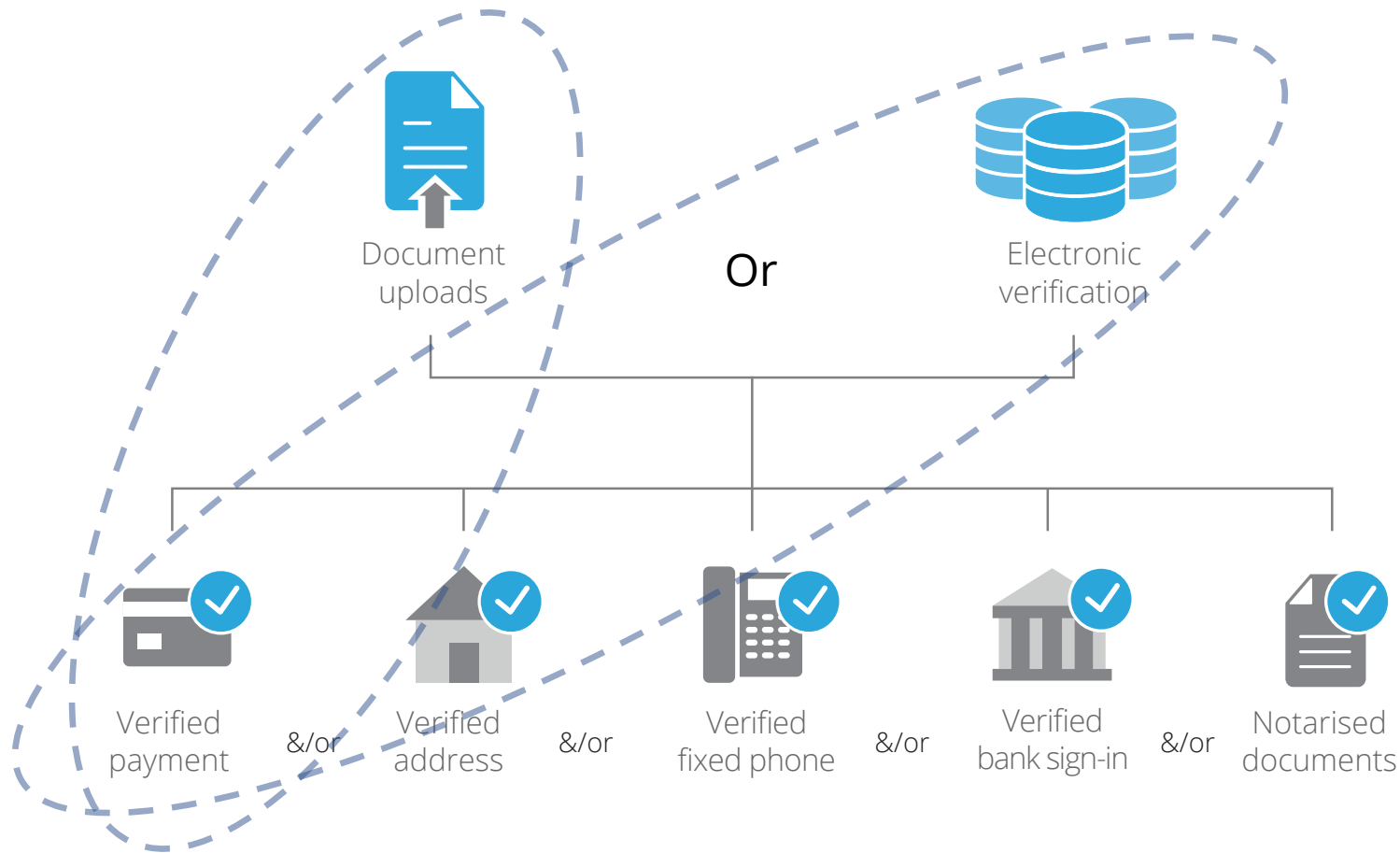
Intellectual Property

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

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

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

Cysec & UK JMLSG Requirements



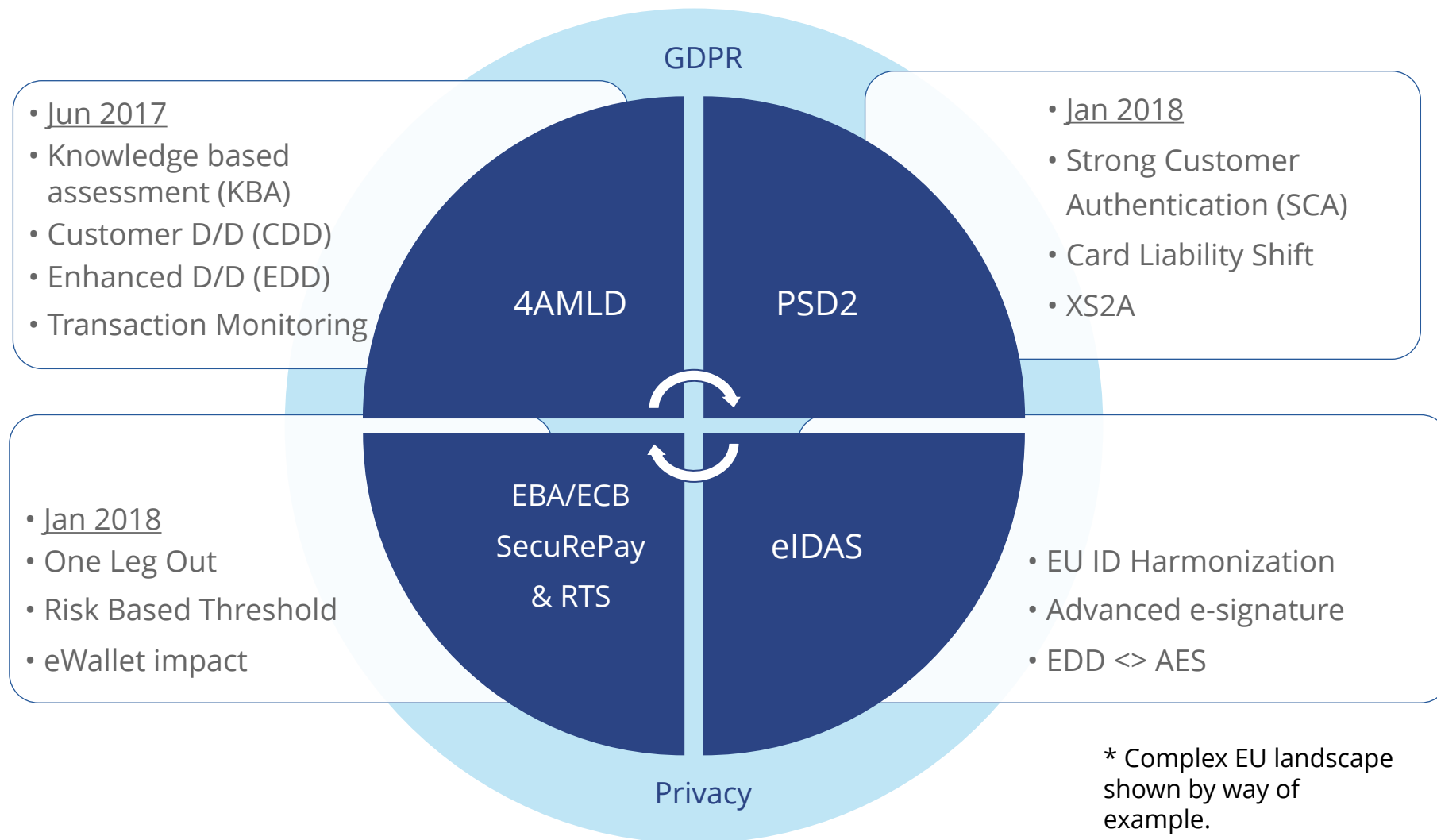
Satisfying Regulations requires

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

By verifying payment, we confirm:

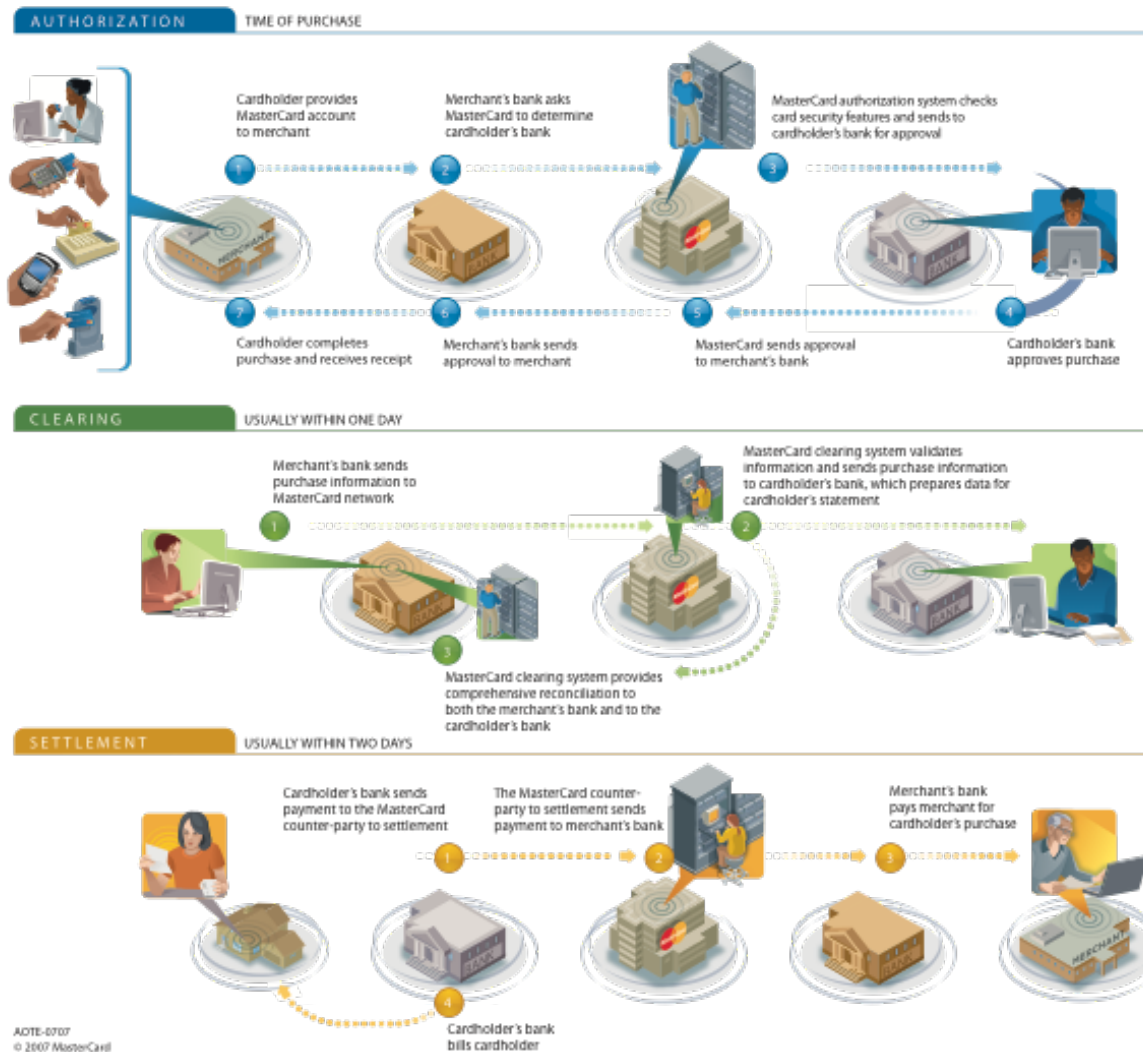
- a) Source of funds
- b) that funding is available
- c) Enhanced CDD of customer, instantly & onboarding customer

The AML/CTF & payments regulations landscape



Payment Settlement

The Anatomy of a Transaction



The MasterCard Network

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



Providing a RegTech solution to a diverse range of global companies

VALUTRADES

BLOCKCHAIN

BORGUN

iFOREX
Online Trading

ixaris

Coinify

XM
WWW.XM.COM

leverate

FXNet

eMerchantPay®

Pepperstone

Google analytics “session” data proves Paydentity’s global reach & effectiveness

- Circa ~1.0m transactions processed to date
- Average session duration shows Paydentity™ can identify, verify and process transactions within 5 ½ minutes
- Bounce rate of <2.5% suggests low customer friction when utilising Paydentity™ to onboard customers. i.e. Customers are comfortable to carry on through the KYC/payment process +98.5% of the time.
- Session data map (right) shows the true, actual global reach of the iSignthis Paydentity™ technology platform to date

Actual Session data – last 3 months

