

ISX Demerger of profitable European businesses & associated assets

- **ISX to be effectively split into 2 separate entities, owned by same shareholders in same proportions / percentages.**
- **Current ISX shareholders would directly own the European operating businesses through ISX Financial EU Ltd (ISXFEU).**
- **ISXFEU is likely to seek listing on another securities exchange, to enable shareholders to trade their shares.**

Melbourne, 1 September 2021: iSignthis Limited (ASX: ISX) is pleased to announce that it is exploring a proposed demerger of subsidiary ISX Financial EU Ltd (**ISXFEU**), by way of a reduction in capital of ISX. The proposed demerger would be subject to ISX shareholder approval at a general meeting on a date to be announced, most likely in October.

ISX is currently consulting with ASX under the Listing Rules and has lodged a prospectus relating to shares in ISXFEU with ASIC. Further details on the demerger will be made available at the isignthis.com website under /demerger

Post demerger, all current shareholders would retain their current economic interest in ISX's business and assets (in unchanged proportions), with these holdings being through two separate entities. No cash is being raised by ISXFEU, as its operations are profitable. This restructure is expected to have enormous benefits for shareholders and for the companies, including seeking listing of ISXFEU on a premium securities exchange.

Effect on ISX

The ISX Group has continued to experience successful business growth, despite the difficulties created by ASX's refusal to reinstate ISX shares to quotation. ISX and its shareholders will continue to share in that growth through their direct shareholdings in ISXFEU.

After the demerger, the key components of ISX's balance sheet would become:

ASSETS

- **A\$6.6 million convertible note in ISXFEU**
- **100% shareholding in ISX Financial Pty Ltd**, a proposed applicant for various Australian business regulatory approvals (APRA, RBA)
- **Legal claim against ASX** for damages for misleading and deceptive conduct¹
- **Cash** of approximately A\$4.3 million²

LIABILITIES

- Immaterial

Importantly, ISX will have sufficient cash to pursue its Federal Court litigation against ASX, which it will continue to do with vigour.

Consistent with ISX becoming an Australian-focused company, Cyprus-domiciled non-executive director Christakis Taoushanis has today ceased to be a director of ISX (and will become Chairman of ISXFEU), allowing him ".....to focus on the group's growing EU, UK and general International operations".

Mr Tim Hart, Chairman of ISX said "We are excited to announce this demerger, allowing ISXFEU to seek a European stock exchange listing. I'd like to thank Mr Taoushanis for his participation on the ISX board, and wish him and the ISXFEU team and our common shareholders all the best during this demerger and beyond."

¹ See announcement dated 1 September 2020, <https://www.asx.com.au/asxpdf/20200901/pdf/44m6v4d1bkh44.pdf>

² As at end August 2021.

About ISXFEU Ltd (www.isx.financial)

ISXFEU is the 'head' wholly owned subsidiary in the ISX Group for the European operating subsidiaries. Demerger of the European business operations will:

- Facilitate their listing on another securities exchange, to enable shareholders to trade their shares
- End the tension between ASX requirements and European laws
- Optimise the marketing of the EU+UK payments business in an environment that understands European e-money accounts and innovations in European neo-banking.

ISXFEU and its UK subsidiary are electronic money institutions, which issue IBANs, and are regulated under European Central Bank / European Banking Authority rules and/or the UK's FCA, provide payment services and provide KYC related services - including key products Payidentity™, ISXPay® and Flykk®.

Convertible Note

ISXFEU has issued a convertible note to ISX, under which ISX has provided A\$6.6 million to ISXFEU as long-term finance for 10 years. ISXFEU will be able to elect to repay the loan in part or in whole at any time over the 10 years. In the absence of an event of default, ISX will have no right to require early repayment.

ISX will have a right to convert the loan or unpaid interest (or part of either) into ordinary shares of ISXFEU at any time (to the extent that the loan has not been repaid) after the first year. Conversion would occur at a price equal to the volume weighted average price of ISXFEU ordinary shares traded on a securities exchange over the three months prior to conversion, for such number of ordinary shares that reflects the exchange rate at the conversion date. Interest will be payable quarterly on the unpaid and unconverted loan at 1% above the RBA cash rate.

The convertible note consolidates intercompany loans between the various entities and the parent company prior to demerger.

Further information

ISX will make a further announcement when transaction particulars are finalised. At that time it will issue a notice of general meeting, with accompanying information, to enable ISX shareholders to assemble and approve (or reject) the proposed merger.

Shareholders may contact the company on demerger@isignthis.com, and should provide their name and HIN with any query.

Authorised by the Managing Director and Company Secretary