

Update on suspension due to share price volatility, and clarification of the distribution of Consideration Shares and Performance Rights

Melbourne, 7 October 2019: iSignthis Ltd (ASX: ISX | FRA: TA8) (“the Company”) has been in discussions with the Australian Securities Exchange (“ASX”) and Australian Securities and Investments Commission (“ASIC”) and can confirm to shareholders that the reason the Company was suspended from trading on 2 October 2019 under ASX Listing Rule 17.3 was due to share price volatility over recent months.

The Company welcomes a period of suspension from the ASX to give it time clear up rumour and innuendo surrounding ISX. In such an environment, the Company believes it is in the best interests of shareholders that trading not occur.

ISX is engaged in responding to the enquiries by the ASX and will continue to work co-operatively with regulators in coming weeks. The Company has and will remain compliant with all of its disclosure obligations.

Shareholders can be assured that the directors are entirely confident about the Company's conduct and disclosures.

There has been significant media focus regarding the distribution of shares issued to iSignthis Ltd (BVI) and the allocation of Performance Rights Shares (“Performance Rights”) issued to Red 5 Solutions Ltd (“Red 5”).

iSignthis Ltd and Consideration Shares

Prior to listing, the following individuals (“Angel Investors”) invested cash into the Company and in return were granted rights by iSignthis Ltd (BVI) that, upon expiry of the escrow period per the December 2014 Prospectus (“the Prospectus”), led to the issue of shares (“Consideration Shares”) in the Company.

1. Nickolas John Karantzis (CEO and Managing Director)
2. Timothy Hart (Non-Executive Chairman)
3. Todd Richards (Company Secretary)
4. Andrew Karantzis (Chief Sales Officer)
5. Konstantina Karantzis (Mother of Andrew and Nickolas John Karantzis)
6. Ian Tetro
7. Benjamin Walmsley
8. David Edmonds

The Consideration Shares were issued to iSignthis Ltd (BVI) to be held in escrow for a period of two years from 16 March 2015. iSignthis Ltd (BVI) acted as trustee for the Consideration Shares such that the escrow conditions of the Prospectus could be managed via a single entity.

No directors or their related parties have sold shares in ISX since its relisting on the ASX in March 2015.

Red 5 Solutions Ltd (“Red 5”)

Performance Rights (Class A, B and C) were issued to a number of investors and staff who contributed to the performance of the Company in its initial years, as per the Prospectus.

Red 5 acts as the entity that holds Performance Rights on behalf of a number of early-stage staff.

The Company can confirm that of the eight Angel Investors listed above just one individual also has holdings in Red 5. That person is Mr Andrew Karantzis, who has also worked as an employee of the Company as Chief Sales Officer and has been issued Performance Rights.

The Company can confirm that no individual who can be classified as a “related party” under Section 228 of the Corporations Act (2001) has a shareholding in Red 5 or any beneficial or pecuniary interest in shares held in Red 5.

The Company Secretary of Red 5 is Ms Irene Naumova, the wife of Mr Andrew Karantzis.

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Audits Conducted on the Company's Revenue and Performance Rights

ISX has undergone two separate year-end audits by the Company's auditor on its accounts that cover the period pertaining to the issue of Performance Rights.

One audit was for the financial year ending 30 June 2018 and one for the financial year ending 31 December 2018.

There have been no material concerns arising from any of these audits.

The Company has also held two Annual General Meetings - one in November 2018 and one in May 2019 – at which these auditor reports were presented and passed.

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