



2024 Annual General Meeting

Financial Year Ending 31st December 2023

Management Report

Presented by :

Nikogiannis Karantzis, Managing Director

Ajay Treon, Chief Financial Officer



FCA Authorised EMI
FRN #901034



EEA Authorised
EMI #115.1.3.17



Diners Club
INTERNATIONAL

DISCOVER





Takis Taoushanis

Independent Chairman



Nikogiannis Karantzis

Managing Director & CEO



Paul Barnes

Independent Non-Executive Director



Dominic Melo

Executive Director



Panikos Poulos

Independent Non-Executive Director



Adonis Pegasiou

Independent Non-Executive Director



Anthony Mahoney

Independent Non-Executive Director
(Commencement pending)

Executive Team of ISXFEU – Extending Depth and Experience



Nikogiannis Karantzis
Managing Director & CEO



Ben Clayton
Chief Risk Officer



Ajay Treon
Chief Financial Officer



Serge Prostran
Chief Compliance Officer



Jolanda Schekermans
Chief Product Officer



Andrew Karantzis
Chief Sales Officer



James Cameron
Chief Regulated Partnerships Officer



Andria Yianni
HR Director



Paul Musgrave
UK Executive General Manager

ISX Financial EU Plc (ISX Plc) - Overview



ISX Financial EU PLC is a 'banktech' company that leverages its own technology to provide financial services to merchants and financial institutions across the EEA & UK.

The company's combined payments stack and infrastructure provides a complete end-to-end transactional banking, FX, remittance and payment processing capability. ISXMoney's multi-Currency IBAN accounts coupled with PaidBy Bank instant open banking provide merchants with a tailored payment solution to reach any UK or EEA bank account holders. **This is a very different business to the card processor that was part of the ASX listed group and which demerged in late 2021.**



ISXMONEY®

PAIDBY®

flykk®

ISXPAY®

PAYIDENTITY™

PROBANKXK®

MASSPAY

SDO
SEPA DIRECT DEBIT

Technology Stack – R&D spend in excess of € 2,449,962 in 2023



EEA Authorised EMI

Authorised Electronic Money Institution (AEMI)

Transactional Banking Services

Payment Services

UK Authorised EMI

FCA Authorised EMI

Transactional Banking Services

Payment Services

+ Account Information Services

+ Payment Initiation Services

Payment Schemes

Principal Member of Mastercard, Diners, Discover, UnionPayInternational & JCB

SEPA, FPS, CHAPs & BACS Membership

SWIFT Membership : ISEMCY22 & ISFIGB22

Eurozone Central Banking

Complete Customer Onboarding

For EU/EEA & UK Business via Paydentity®

Core Banking & Network Technology

Tech provider to more than 15 Banks/PSP's in Asia Pacific,

UK and EU/EEA

ISX In-house Developed Technology Stack

iSXPAY®

Card Services



Card Issuing | Diners Club International

PAIDBY®

Open Banking Partners



PAYDENTITY™

Identity Verification

Know Your Customer

Business Integration

Payouts

Also licensed as SAAS

iSXMONEY®
Business Facing

PROBANX®



Interbank Connectivity



Also licensed as SAAS

PROBANX®



Core Banking:

Deposits Ledgers Compliance

Accounts Screening Loans

Available under license

flykk®
Retail Facing

Central Bank Connections





2023 Year in Review Financials



FCA Authorised EMI
FRN #901034



EEA Authorised
EMI #115.1.3.17



Diners Club
INTERNATIONAL



Profit

EBITDA Margin  31%

Growth

Revenue Surge  +17% YoY

GPTV Growth

Inflow Payments  +22%

Net Assets per Share

€0.147  +46%

Strong Balance Sheet

Own funds*  €13.6m

Merchant Trust

Merchant funds held  +17%

* Own funds are defined as cash and cash equivalent and financial assets through profit or loss. Financial assets refer to investments in short-dated high quality liquid assets.

Financial Performance - Consolidated Statement of Profit or Loss



	31-Dec-21	31-Dec-22	31-Dec-23	30-Jun-24	Variance	Variance
	Full Year	Full Year	Full Year	Half Year (unaudited)	FY23 v FY212	FY23 v FY22
	eur	eur	eur	eur	eur	%
Revenue from Customers	22,726,382	27,435,546	32,064,524	24,456,377	4,628,978	17%
Other income	118,071	65,173	302,930	1,939,533	237,757	365%
Expenses	(20,355,119)	(22,866,132)	(25,443,051)	(15,129,973)	(2,576,919)	11%
Profit/(loss) before income tax expense	2,489,334	4,634,587	6,924,403	13,265,937	2,289,816	49%
Income tax expense	(1,140,853)	(982,870)	(1,676,707)	(1,655,525)	(693,837)	71%
Profit/(loss) after income tax expense for the year	1,348,481	3,651,717	5,247,696	11,600,412	1,595,979	44%
Profit/(loss after income tax expense for the year - Excluding NSX Write Downs	2,810,508	4,281,938	7,110,473	12,229,001	2,828,535	66%

Financial Performance - Key Metrics



	31-Dec-21	31-Dec-22	31-Dec-23	30-Jun-24	Variance	Variance
	Full Year	Full Year	Full Year	Half Year	FY23 v FY22	FY23 v FY22
	eur	eur	eur	eur	eur	%
Earnings before Interest, Tax, D&A, FX and Impairments	5,545,546	7,705,029	11,942,188	15,541,187	4,237,159	55%
Own Funds	4,968,402	5,983,161	13,626,590	24,564,298	7,643,429.00	128%
Funds held on behalf of merchants	94,097,050	103,344,198	121,280,815	154,774,613	17,936,617	17%
Total Processing Volume (TPV)	1,340,182,074	1,915,941,481	2,346,506,448	1,883,684,187	430,564,967	22%
Net Assets	7,513,057	11,129,420	16,188,507	27,864,931	5,059,087	45%
Net Assets per Share	€ 0.068	€ 0.101	€ 0.147	€ 0.253	0.046	46%
EBITDA Margin (%)	17%	25%	31%	56%		6%
Revenue Growth (%)	4%	21%	17%	80%		(4%)

2023 Financial Highlights: Group Overview



- **Profit Growth:** The Group delivered a profit after tax of €5.3 million in 2023, representing a substantial 44% year-over-year increase. This strong performance translated into an EBITDA margin of 31%. Excluding impairments, the profit after tax rose to €7.1 million, reflecting an impressive 66% growth compared to 2022.
- **Revenue Growth:** Revenue increased by 17% in 2023, driven by contributions from both new and existing customers and the expansion of open banking-related payment services. The Group continued its strategic shift away from traditional card acquiring toward cost-efficient instant and batched interbank payments.
- **Expense Management:** Strategic investments to support growth led to an 11% increase in expenses. Key factors included:
 - A €2.6 million rise in employee benefits due to new hires supporting customer growth and wage inflation.
 - A €0.6 million increase in depreciation and amortization, reflecting ongoing investments in key software assets. I would like to note that €2.5 million was allocated to research and product development.
 - €0.8 million in higher corporate costs, including VAT expenses, advisory fees, and development of the UK business.
 - €1.3 million impairment of the NSX investment, compared to a €0.4 million reversal in 2022. Intangible asset impairments were €0 in 2023, down from €0.5 million in the prior year.
 - These were partially offset by a 36% (€2.5 million) reduction in variable payment scheme costs as the Group transitioned to lower-cost payment schemes.

2023 Financial Highlights: Group Overview



- **Transactional Growth:** The Group increased market share and wallet share with existing customers, resulting in a 22% year-over-year growth in inbound payment flows in 2023.
- **Balance Sheet Strength:** As of December 31, 2023, the Group's own funds stood at €13.6 million, reflecting a €7.6 million increase year-over-year. This included €8.1 million in cash and €5.5 million in investments. Operating cash flows generated €11.2 million, offset by €2.4 million used in investing activities and €0.8 million in financing activities.
- **Merchant Relationships:** The Group strengthened its relationships with merchants by addressing their needs with tailored solutions, resulting in a 17% increase in assets held on behalf of merchants.
- **Net Assets Growth:** The Group's disciplined focus on growth and profitability led to a 46% increase in net assets per share, reaching €0.147 by the end of 2023.

2024 Guidance and Progress Update as of Q3 2024



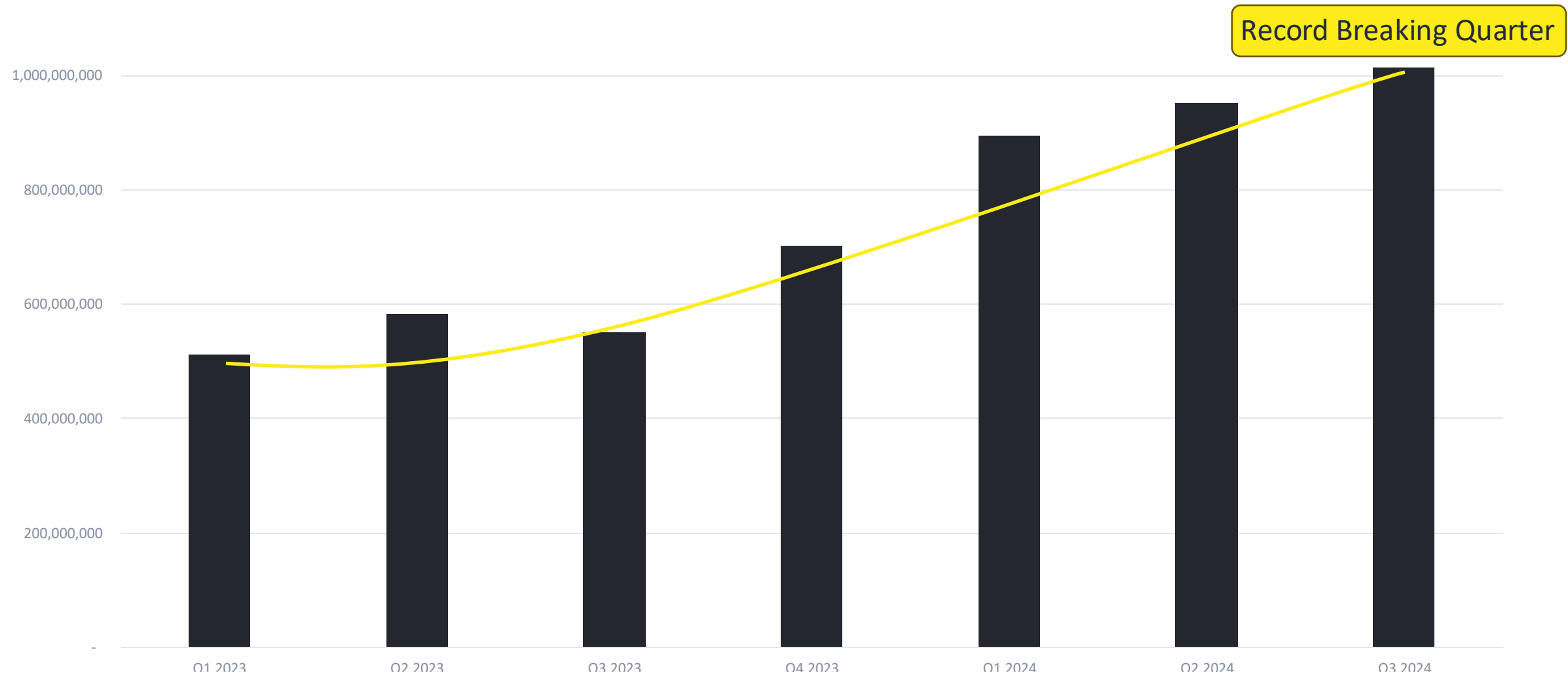
At the outset of 2024, the Group established ambitious targets to leverage the strong momentum generated in Q4 2023, aiming to balance growth with profitability. The initial objectives included achieving €45 million in revenue (40% year-over-year growth) and maintaining an EBITDA margin between 25-30%, in line with industry benchmarks set by industry leaders.

As of Q3 2024, the Group reports the following progress:

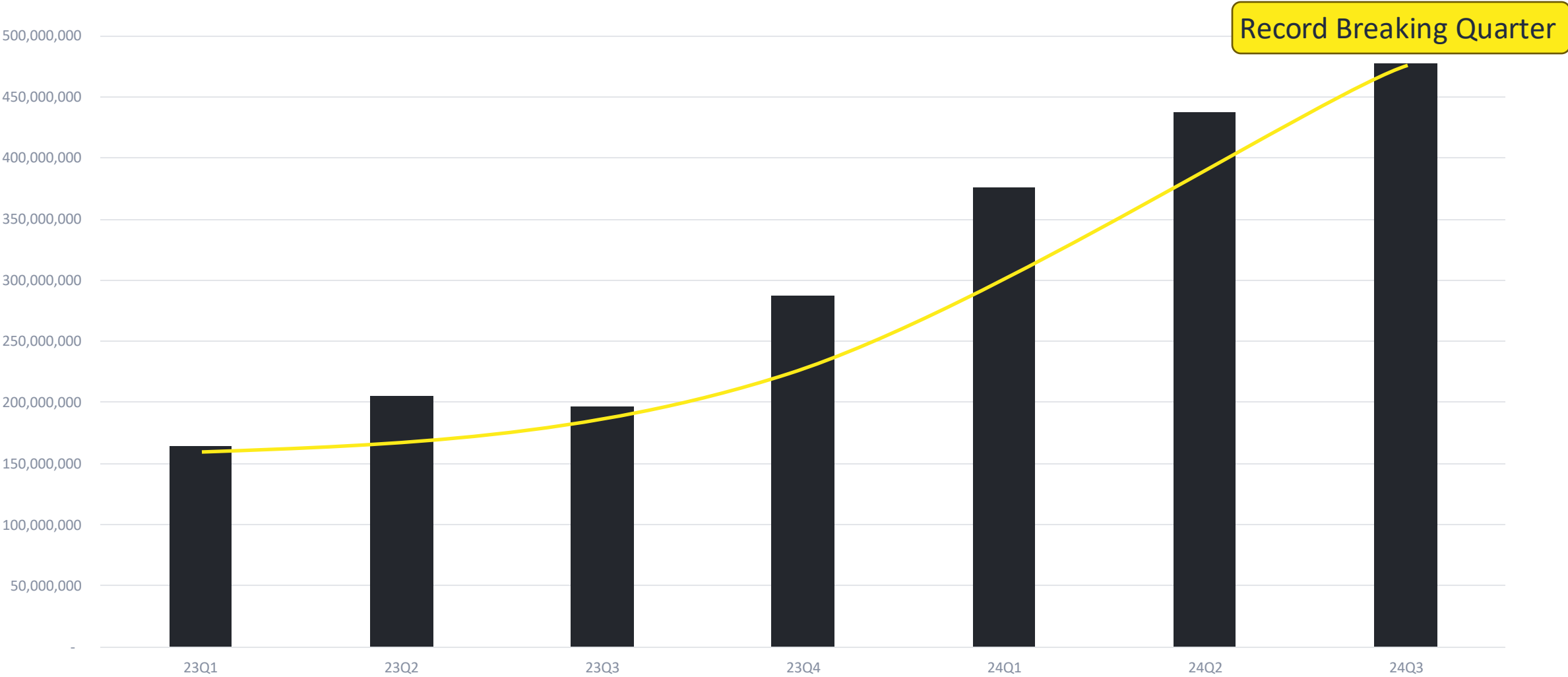
- **Revenue:** Following robust performance, the 2024 revenue target was revised to €50 million at the end of H2. The Group remains on track to achieve or exceed this goal.
- **EBITDA Margin:** Originally forecasted at 25-30%, the EBITDA margin guidance was upgraded twice—first to 30-40% at the end of H2 and later to 40-45% in Q3—reflecting enhanced operational efficiency and profitability.
- **Investment:** Aligned with strategic priorities, the Group sustained its investment in research and product development at over €2 million, consistent with 2023 levels, to foster innovation and growth.
- **Headcount Growth:** To support scaling operations, the workforce expanded by 22% in 2024, reaching a total of 180 employees as of Q3.

These developments highlight the Group's ability to execute on its strategic objectives, reinforcing confidence in meeting its 2024 targets through disciplined operations, strategic investments, and strong market demand for its solutions.

Growth in Total Processed Volume 2023 – Q3 24



2023 – Q3 24 Open Banking Volume





2023 Year in Review Product Development



FCA Authorised EMI
FRN #901034



EEA Authorised
EMI #115.1.3.17



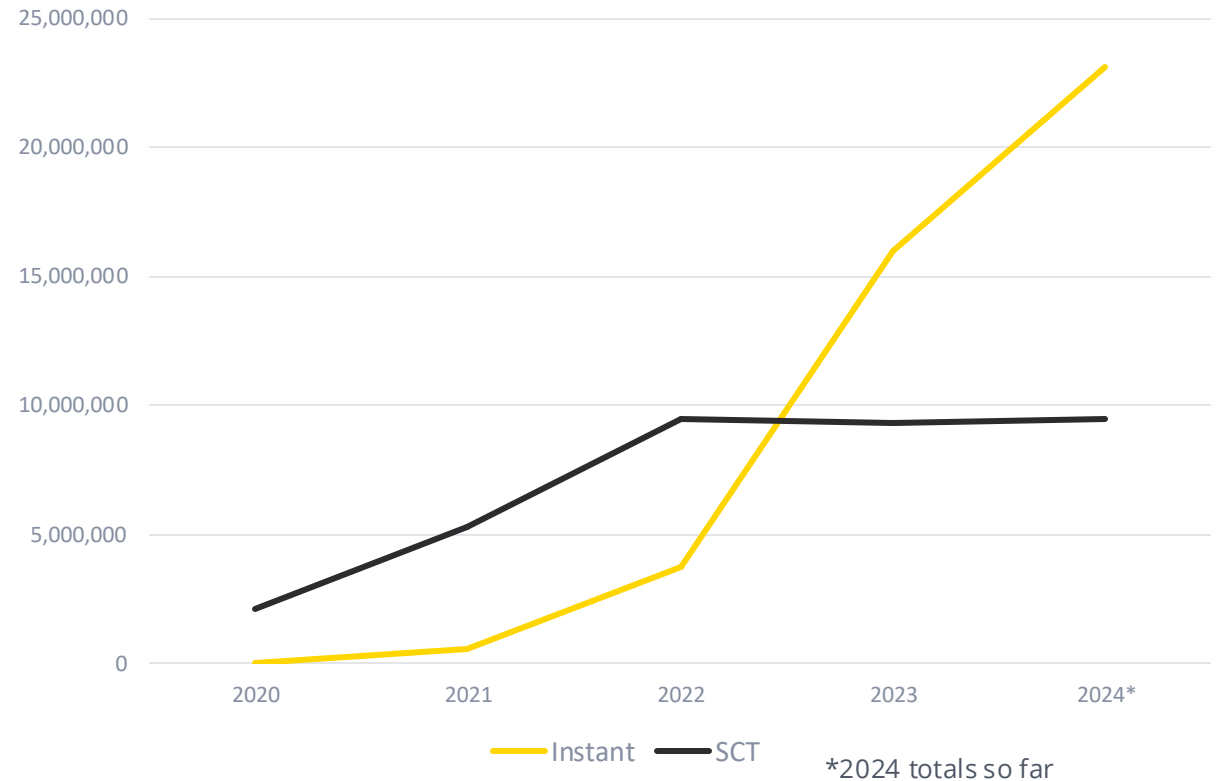
2023 Product Developments



Product and Partnership Development: The Company and partnership commenced development on a number of new product initiatives during 2023, including:

- ISXFUK launching its own UK service under our own Sort Code and Implementing direct debit capability on ISXFUK issued accounts via the UK's BACS network.
- ISX group extending the relationship with NASDAQ listed Wix.com, to include our Paidby® service in the UK.
- ISXFEU being granted additional approvals from the (Central) Bank of Lithuania to extend our electronic money service to include direct debit functions over the SEPA network
- Enhancing our intellectual property portfolio with the grant of further patents in the European zone and offshore, including Australia. Probanx being certified as a Pay.UK technical aggregator, allowing 3rd party Fintech's to access the UK's FPS network via the Probanx® CoreConnect gateway.

SEPA Transactions - Batch SCT vs Instant



2023 saw ISX Financial instant transactions surpass batch transactions. Instant transactions accounted for 63% of total transactions



Whats next?



FCA Authorised EMI
FRN #901034

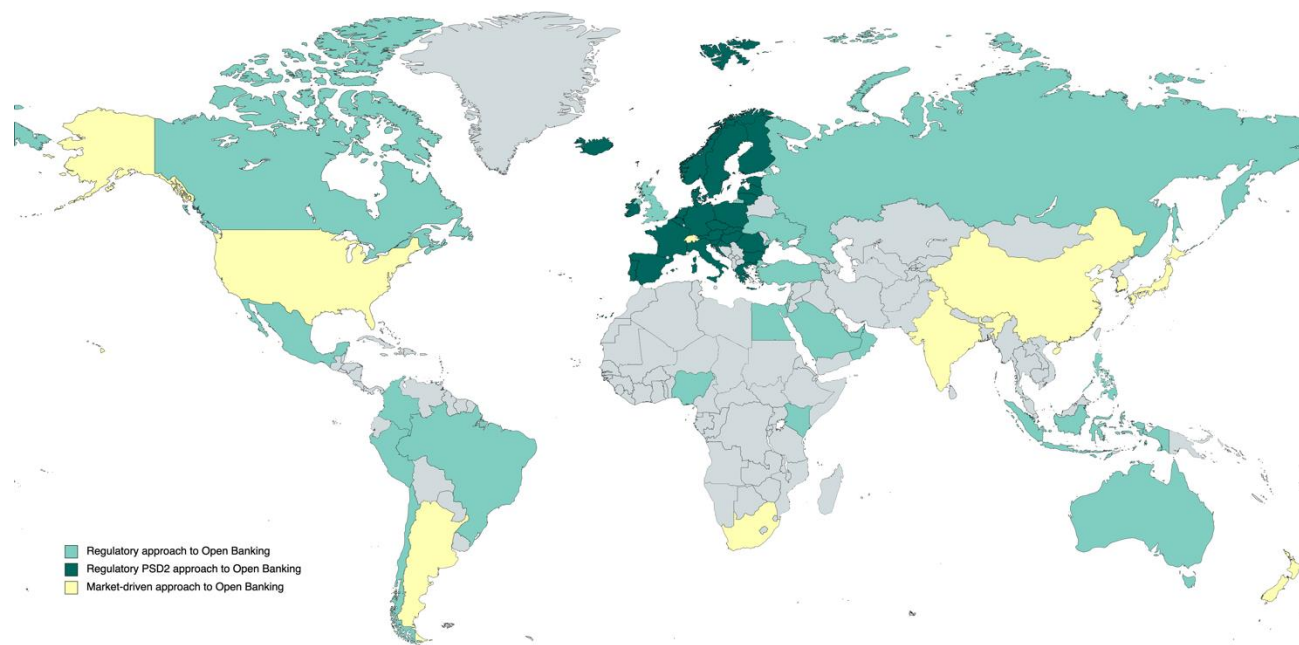


EEA Authorised
EMI #115.1.3.17



- Maintain revenue and profit growth whilst;
 - Focusing on our EU and UK opportunities, whilst planning for future expansion into new open banking friendly territories.
 - Maximising our share of wallet with existing customers
 - Extending our product range
 - Enhancing our technology stack
 - Increasing our R&D and IP portfolio.
 - Redesigning / recode our mobile app
 - Flykk (Retail)
 - Flykk (Merchant – point of sale)
 - ISXMoney (Business)
- Taking advantage of Industry consolidation which may present opportunities to acquire tech or reg companies.

Open Banking is ISX's Future.





IPO Preparation

ISX TECHNOLOGIES PLC : ISIN CY0200151716,
CFI Code ESVUFR and the FISN is ISX TECHNOLOG/SH.



FCA Authorised EMI
FRN #901034



EEA Authorised
EMI #115.1.3.17

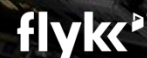


SEPA
Single Euro Payments Area



Diners Club
INTERNATIONAL

DISCOVER



- The **mandatory** gate that the Company must pass through is dematerialization of its securities, to an EU Regulated or third country ESMA-approved Central Securities Depository (CSD)¹.
- This is usually straightforward, as Companies seeking to IPO have a small holder base, and holders are known to the sponsor broker and/or company.
- In ISX case, not so. ISX share registry is the product of at least three reverse takeovers on the ASX: TLO > FUT > OTS > ISX, plus high volume trading as a lead up to being a ASX 300 company.
- CSD's require as close to 100% identity verification as possible. Up to 30% of shareholders by number representing 8% of holdings cannot be contacted.
- Some CSD's have quoted €100 / natural person shareholder for KYC, so cost a real issue across 10k holders (circa €2m with trusts, SMSF, companies etc)
- Many holders sit under a custodian that is not recognised in the EU and will need to be 'unpacked'.
- Some 70% holders at least responsive to at least reading emails, but less than 15% are responsive to a call to action or AGM.

https://ec.europa.eu/commission/presscorner/detail/fr/memo_14_312

Preparation for Admission to List - Custodian

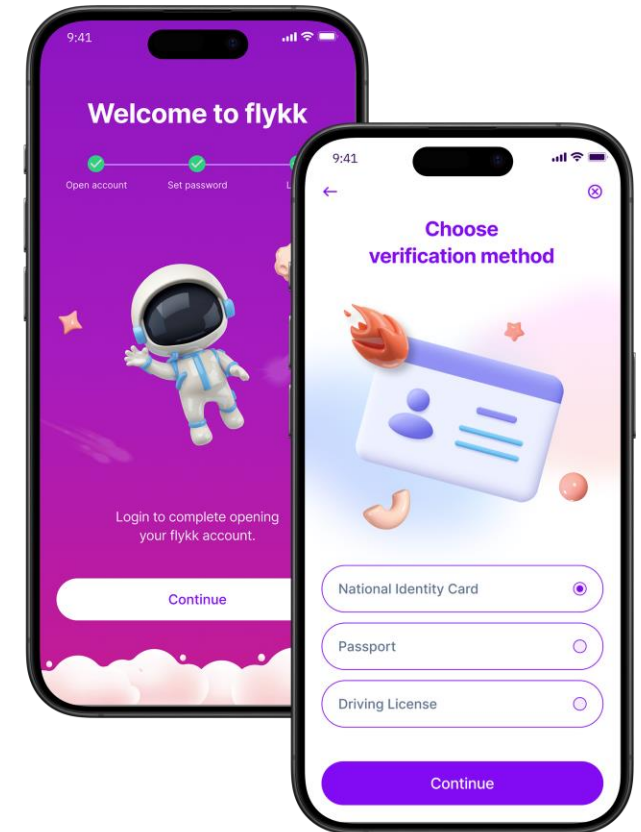


- EU CSD's require near 100% identity verification via KYC of all shareholders. EU Regulation with *some* discretion.
- ISX has been negotiating with its home state CSD (Cyprus) for months in order to reach a practical solution.
- Seeking Court Ordered Custodial Arrangement where all AU + NZ retail holders and SMSF are placed into custodial arrangements until KYC satisfied.
- Custodian will be an EU-regulated Bank per Financial Regulatory requirements.
- Assuming 9700 AU+NZ holders in Custodial Arrangement, then the 500 or so EU + non retail ANZ shareholders hold 80%++ of holdings and would meet spread requirements for Cyprus Stock Exchange (CSE) to allow for primary listing.
- As CSE is an EU Regulated Market, reciprocal dual list agreements apply.
- Those AU + NZ holders already identified can exit Custody immediately following CSE listing.
- There will be no requirements to exit Custodial Arrangement to a CSE or other exchange broker other than satisfying KYC.
- Custodian likely to be able to arrange blocks of small lots sale as 'one offs' for those holders that do not want to open brokers accounts and/or trade.
- Brokerage accounts to be arranged by holders – either at CSE Participants or Dual List Stock Exchange Venue.
- **However, process is subject to Court and requires shareholders to vote for the approach at EGM.**

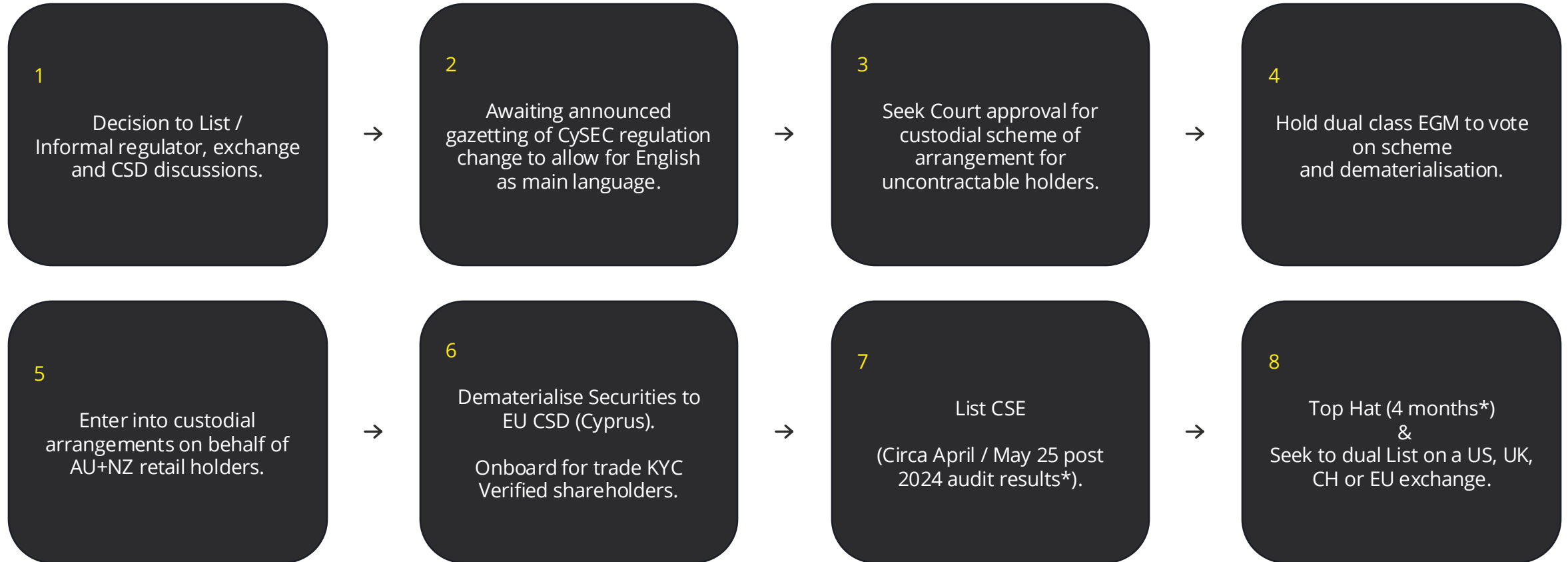
Preparation for Admission to List - Why Verify ID?



- EU AML Directive (EU) 2015/849 of the European Parliament and of the Council mandates the application of customer due diligence measures when 'wealth' exceeds €250. This includes all IBAN, crypto-asset and securities holders.
- As listing is a direct entry, the obligation to verify shareholders identity falls on ISX > there is no sponsor broker.
- As KYC is a costly, time-consuming process, use of the Company's flykk banking app is most cost effective for Company and its shareholders.
- KYC requirement for issue of IBAN is stricter than for holding securities but initial limitations that only Passport and National ID only accepted.
- New version of app that completes KYC without issue of IBAN underway, to allow for use of ANZ drivers licenses.
- Less than 1000 unique holders have KYC'd to date. > > Insufficient to meet CSD requirements without a custodial arrangement in place.



Road to listing – Summary



*estimated



Thank you

ISX Financial EU Plc

investors@isxfinancial.com

