

ASIC vs iSignthis Ltd and Nickolas John Karantzis

24th June 2024, Melbourne, Australia: Southern Cross Payments Ltd, formerly iSignthis Ltd (**the Company**), announces that last Friday afternoon, the Federal Court of Australia in Victorian Registry Case No VID773/2020 handed down its decision in the proceeding brought by the Australian Securities & Investments Commission (**ASIC**) against iSignthis Ltd and its former managing director, Mr Karantzis.

Following a report published by Ownership Matters in September 2019 and suspension by the ASX of the Company's shares in October 2019, ASIC commenced an investigation into the revenue earned by the Company in the six months to 30 June 2018, which resulted in the achievement of the performance milestones and consequent issue of the performance shares. At all times, the Company and its officers, including Mr Karantzis, maintained that the revenue had been earned legitimately.

ASIC refused to accept this position and instead issued the proceeding making very serious allegations against Mr Karantzis for breach of his directors' duties arising from the achievement of the performance milestones. That case failed.

In rejecting those allegations, the Court made the following findings:

- *"ASIC has not proven to the requisite standard that Mr Karantzis has made an improper use of his position in relation to the performance shares..."*
- *"it cannot be accepted that ASIC has proven to the requisite standard that Mr Karantzis failed to exercise his powers in good faith in the best interests of the corporation and for a proper purpose."*

The matter of the achievement of the performance milestones and consequent issue of the performance shares is now closed, with ASIC having failed to make its case.

The relative significance of the issues on which ASIC failed and those on which it succeeded will be the subject of detailed legal submissions in the second phase of the proceeding. Accordingly, it is not appropriate to comment further. The Company expects to be in a position to make fuller comment when all of the issues in the proceeding have been finally determined by the Court.

iSignthis Ltd and Mr Karantzis were represented in court by Mr Peter Collinson, Kings Counsel and Mr Justin Mereine, as instructed by law firm HWL Ebsworth of Melbourne, Victoria, Australia.

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Southern Cross Payments Ltd (formerly iSignthis Ltd)