

14 February 2017

ASX ANNOUNCEMENT AND PRESS RELEASE

OPTION EXTENSION GRANTED BY CX PARTNERS

- CX Partners has agreed to support TSN in its request to extend the Share Sale Option Agreement to purchase the remaining ~75% balance of TSi India;
- The Option Agreement, expiring 14th February 2017 will now be extended to 30th April 2017;
- Additional time granted due to changes in Indian Government policy having an expected short term impact on the industry;
- Extension required to review the impact of demonetisation and the long-term prospects of the business;
- TSN remains optimistic about the proposed transaction and will update the market as more is known.

1. BACKGROUND

TSN entered an Exclusive Option Agreement with CX Partners (**Vendors**) to purchase the remaining ~75% balance of TSi India as announced to the ASX on 21 October 2016. The key terms of the Options Agreement are as follows:

- Exclusive option to purchase all the remaining balance of TSi India's shares not currently owned by TSN for a cash consideration of INR 2.44bn (**Consideration**);
- Exclusive option period up to 14 February 2017 (**Option Expiry Date**);
- TSN can extend the Option for a further 50 days if before the Option Expiry Date, it provides written notice to the Vendors that it will seek shareholder approval to exercise the Option and confirms it has financial commitments to complete the Proposed Acquisition; and
- TSi India and the Vendors had agreed to no-shop and standstill restrictions during the previous Option period (**Standstill Restrictions**).

As per the Operations Update provided on February 2, 2017:

- TSN has completed its in-house review and valuation of the TSi India business, along with independent accountants and its advisory firm Cadmon Advisory.
- To achieve the value of approximately \$45 million that has been attributed to the share purchase, TSi India provided future forecasts of growth over the coming years, which is typical of any business.

- The change in Indian government policy has been disruptive to the consideration of the growth values of the financial model as some assumptions have been impacted – again due to government policy and not TSI India management performance.

Since the operations update, TSN made official representation to CX Partners requesting for an extension to the Option Agreement. CX Partners is understanding of the current predicament caused by changes in government policy, and have been supportive throughout this process.

TSN is delighted to announce that the CX Partners has granted TSN an extension to the Option Agreement. This extension will allow TSN to see the expected stabilisation of transactions post demonetisation, and to continue discussions with the interested investors and debt providers. This extension assists the Board of TSN to ensure that, should TSN exercise its Option over the shares in TSI India, it will be value accretive for shareholders.

The key terms of the Option Extension are presented below.

2. KEY TERMS OF OPTION EXTENSION

- The Option Agreement will now be extended to 30th April 2017 (New Option Expiry Date);
- CX Partners has requested and TSN has agreed to lift the **Standstill Restrictions** on the Option Agreement; however, upon TSN serving notice within the period to the exercising its Option, that notice shall immediately constitute a binding contract for the acquisition of the remaining shares in TSI India.
- The **Consideration** remains the same at INR 2.44bn; and
- TSN remains able to extend the Option for a further 50 days if before the **New Option Expiry Date**, it provides written notice to the Vendors that it will seek shareholder approval to exercise the Option and confirms it has financial commitments to complete the Proposed Acquisition.

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About TSN and TSI India

Transaction Solutions International (TSN) was founded in 2005 by current directors, Paul Boyatzis and Gary Foster, Australian nationals with considerable experience in the financial services industry. Based on their knowledge of financial markets in more developed countries, TSI India was formed to take advantage of the opportunity to create shareholder value by creating scalable operations in the field of e-transactions and payments within India.

At the time of entering India, TSI India was first to market with its unique recurring revenue outsourcing model, focussed on partnering with Banks to increase the size of its bank branded ATM network.

Today, TSI India remains firmly entrenched in the e-transaction sector. With this agreement, TSI India will become one of the largest operators of Bank branded ATMs in India, with over 10,000 ATMs under management along with its automated Bill Pay solutions for utility companies