

21 October 2016

ASX ANNOUNCEMENT AND PRESS RELEASE

**EXCLUSIVE OPTION AGREEMENT
TO ACQUIRE REMAINING BALANCE OF TSi INDIA**

Highlights:

- Transaction Solutions International Limited (TSN) has entered into an Exclusive Option Agreement to purchase the remaining ~75% balance of TSi India;
- Proposed 100% ownership interest in TSi India subject to exercise of the Option which will require satisfactory completion of due diligence, shareholder approvals and an equity and/or debt raising;
- Completion payment for the purchase of the balance of TSi India shares is INR 2.44bn (~AUS \$47.7m)¹;
- TSi India is operating within the highly lucrative Indian ATMs industry and financial technology sector with an estimated addressable market size of ~US\$10bn p.a. by 2020;
- TSi India currently owns and manages ~14,000 ATMs with current platform having capacity to support up to 50,000 ATMs.

1. BACKGROUND

Transaction Solutions International Limited (TSN) is pleased to announce that it and subsidiary companies have entered into an exclusive option agreement (**Option Agreement**) to acquire the remaining 75.11% stake of TSi India (**Proposed Acquisition**) from CX Partners controlled entities (**Vendors**).

2. KEY TERMS OF OPTION AGREEMENT

Under the Option Agreement, the Vendors (as the existing owners of the remaining balance of TSi India) have irrevocably granted to TSN an exclusive option (**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 (~AUS \$47.7m)¹.

TSN has an exclusive option period up to 14 February 2017 (being a 120 day period), during which it will complete due diligence investigations on TSi India and consider an equity and/or debt raising to fund the Proposed Acquisition. TSi India and the Vendors have agreed to no-shop and standstill restrictions during the Option period.

¹ 1 AUD = 51.20 INR as at 18 October 2016

TSN has consulted with ASX concerning the Proposed Acquisition and TSN is required to obtain shareholder approval under Listing Rule 11.1.2 (substantial change to scale of activities) before exercising the Option. The nature of the transaction and the terms of an equity and/or debt raising to fund the Proposed Acquisition will likely require shareholder approvals by TSN in addition to the Listing Rule 11.1.2 shareholder approval.

TSN can extend the Option for a further 50 days if before the initial 120 day period (before 14 February 2017), 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.

After obtaining shareholder approval and undertaking a fundraising, TSN will be in a position to exercise the Option. There is no Option exercise fee. However, upon exercise of the Option, the parties are obliged to execute a share sale agreement (which has been agreed) by which TSN will complete the acquisition transaction by paying INR 2.44bn (~AUS \$47.7m)¹ within 10 business days of execution of the share sale agreement. Ownership of the balance of TSi India shares will pass to TSN or its nominated subsidiaries at completion.

As part of the Proposed Acquisition, TSN has entered into an agreement with the 2 key management executives of TSi India, Mohnish Kumar (CEO) and Deepak Verma (CFO). This agreement is conditional on the completion of the Proposed Acquisition of the remaining shares in TSi India and TSN shareholder approvals. Mohnish and Deepak currently hold a 7% ESOP pool of TSi India securities. These will be cancelled and replaced by TSN shares to Mohnish and Deepak representing 7% of the diluted share capital in TSN post-option transaction. Additionally, TSN is to issue TSN shares to Mohnish and Deepak representing 8% of the diluted share capital in TSN post-option transaction with the shares to be issued or to vest upon milestones and be subject to escrow. It is intended that Mohnish and Deepak will be offered director roles at TSN upon completion of the Proposed Acquisition.

TSN looks forward to progressing the Proposed Acquisition to obtain 100% ownership of TSi India and thereby increase its exposure to the Indian ATM industry and financial technology sector.

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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 the implementation of recent agreements, TSi India will become one of the largest operators of ATMs in India, with over 13,750 ATMs under management along with its automated Bill Pay solutions for utility companies.