

BUSINESS UPDATE

Highlights

- **Positive cash flow from operations for the quarter ended 31 March 2018**
- **DWX continues to secure new business in the financial services industry**
- **DWX partners with Netskope - a leading cloud security provider**

FINANCIAL UPDATE

As set out in the 4C Quarterly Report for Q4 2018 released 23 April 2018, Transaction Solutions International Limited (TSN or the Company) achieved positive cash flow from operations for the quarter ending 31 March 2018. Underpinning the positive cash flow from operations were strong underlying business fundamentals as well as the effect of delayed payments by customers from the December 2017 quarter.

The Company also raised \$530,000 in a placement to strategic sophisticated investors with the funds raised to be used primarily to further TSN's cybersecurity acquisition model.

CYBERSECURITY BUSINESS UPDATE

Decipher Works

Decipher Works ("DWX") continues to actively pursue sales opportunities across Australia to expand its client and revenue base. New business won in the March 2018 quarter was primarily within the insurance industry. DWX focuses most of its business development activities on the banking and insurance sectors as they require extensive and complex cybersecurity solutions which DWX is able to provide.

During the quarter, DWX signed a partnership agreement with Netskope to serve the Australia and New Zealand market. The partnership with Netskope will broaden DWX's service offering and sales conversations with clients.

Netskope is a global leader in providing cloud access security broker (CASB) solutions. CASB solutions, which acts as the security interface between users and cloud applications, are becoming increasingly more important as organisations migrate on to the cloud.

Other Acquisitions

TSN continues to pursue an inorganic growth strategy to grow its cybersecurity business. TSN's criteria when evaluating merger and/or acquisition (M&A) targets include:

1. Strategic fit with our current cybersecurity business and growth strategy
2. Proven track record in terms of revenue, capabilities and customer base
3. Clear passage to a 100% or majority shareholding
4. Ability to collaborate to achieve a win-win partnership

These criteria ensure that TSN acquires businesses which can significantly enhance shareholder value – through synergies and management collaboration – whilst mitigating downside risk. During our M&A negotiations with target companies, we continuously evaluate their fit in terms of these criteria.

Over the last few months, TSN has engaged in M&A negotiations with numerous companies. TSN terminated negotiations with some of the targets as they did not meet the majority of the above criteria or had what TSN considered to be excessively high valuation expectations.

TSN continues to refine its growth strategy and acquisition approach in view of the dynamic market conditions in cybersecurity.

ATM BUSINESS UPDATE – TSI INDIA

Overall ATM transaction volumes in India continues to rise to pre-demonetisation levels. The latest statistics released by Reserve Bank of India show the total ATM volume continued to increase in February 2018 to 25.7 million transactions per day, which is 99.2% of the pre-demonetisation volume of 25.9 million per day in October 2016.

Increase in ATM usage is expected to continue as Reserve Bank of India has been driving availability of cash in ATMs across the country in the recent months. This has provided TSI India with more cash to replenish its ATMs.

As a result, TSI India's Cumulative Cash, which is the total amount of withdrawals and deposits, shows similar recovery and has increased to pre-demonetization levels.

TSI India continues to broaden its business into new areas. Most notably, TSI India has gone live on Bharat Bill Pay System (BBPS). BBPS is a new integrated and interoperable bill payment system enabling customers to make payments in multiple payment modes and receiving instant confirmation of payment.

This positions TSI India as the only company that is offering BBPS Digital Payment Kiosk services in India currently. As a result, TSI India has secured its first order to deploy and manage 100 Digital Kiosks.

In addition to its ATM and payments business, TSI India continues to pursue growth in its other businesses, including loyalty and rewards.

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About TSN

Transaction Solutions International (TSN) is a technology based company focused on the financial services sector. The company has a 100% ownership of Decipher Works (DWX). DWX is a Sydney-based cybersecurity specialist, providing consulting, support and managed services to financial institutions and large corporations. The Company has strong long-term relationships with many of the major banks and institutions in Australia, and is now moving into other market sectors such as Insurance and Financial Services businesses. TSN is actively pursuing growth in the cybersecurity industry.

TSN also holds a 24.89% interest in TSI India, a company having 400 employees, which has created a scalable operation in the field of e-transactions and payments in India. TSI India has over 30 major bank relationships, owns and manages approximately 14,000 ATMs, also offers Bill Payment services to a number of utility companies in India and owns a Managed Services platform.