Katherine: Good morning, and welcome to the 2019 NamSys Investor Update. My name is Katherine, and I will be your conference moderator for today's call. During the presentation, all participants will be in a listen-only mode. We will be facilitating a brief question and answer session towards the end of the presentation. You may register to ask a question at any time by pressing the star and one on your touchtone phone. As a reminder, this conference is being recorded for replay purposes. I would not like to turn the presentation over to our host for today's call, Barry Sparks, CEO. Please go ahead.

Barry Sparks: Thank you, Katherine. Good morning everyone. Welcome to NamSys' second investor update call and website. The company's latest financial results were issued on September 24 and are available on SEDAR. The purpose of the call today is to update investors on the company's operations. Before we get started, please be advised that the information discussed today is current as of our latest financial results unless otherwise indicated. The comments made on today's call may contain forward-looking information. This information by its nature is subject to risks and uncertainties. As such, actual results may differ materially from the views and expectations expressed.

Some of the statements we will be making could be construed as forward-looking or made pursuant to the Safe Harbor provisions of the applicable Canadian Securities Laws. We will indicate forward-looking statements by using words such as except, will, should, model, intend, believe, and similar expressions. Also, currency amounts discussed on today's call are in Canadian dollars unless otherwise stated. A replay of this call will be available on the NamSys.com website within 24 hours of the time the call is over.

The presenters today are really – there is only one presenter. He is our President and Chief Operating Officer, Jason Siemens. Myself, this is probably as much information as I will give you about me. There is a question and answer session, as Katherine mentioned before, will follow the conclusion of the formal presentation. At this time, I would like to turn the presentation over to Jason Siemens. Jason?

Jason Siemens: Thanks Barry. Thanks everyone for joining us today. I would like to start by talking a little bit about our mission statement as an introduction. First, we recognize that cash is under pressure from credit and debit. Every statistic shows that cash is static or in decline worldwide, but it remains a legitimate payment method. It has several unique advantages including privacy, durability, settlement, and par. This really means that cash transactions are unique and are instantaneous. There is no middleman. There are no transaction fees. We also know that cash is more expensive and labor intensive than card payments. Those costs do not correlate with the amounts of cash. It does not matter if the store's cash sales are $500 or $5000. The cost to manually handle it is the same. Likewise, the cost to transport and process it stays the same regardless of the value of the deposit.

If cash use is declining but not disappearing, and costs are fixed, that means that the per transaction costs of the cash payments are rising. NamSys is focused on delivering technology that reduces that fixed cost. We want to make cash payments less expensive and more competitive. With that, let us do a quick review of our product suite.

We have different products for each stage in the cash cycle including payment, transportation, and settlement. Starting with retailers, our software helps stores balance employees and cash registers, provision cash and coin for change, and accelerate the flow of funds into their bank account. This is done in two ways. It is via our Cirreon banking application as well as through our Cirreon Smart Safe and Recycler monitoring application.

For those that do not know, Smart Safe and Recyclers are hardware devices that operate in stores and automate the collection or storage of cash. Our Cirreon Smart Safe application integrates with those hardware devices to collect data from the stores.

Our software then helps cash and transit companies track pickups and deliveries and optimize the route that those trucks take. This can result in significant fuel, time, and labor savings. Then finally when the cash gets to the bank, our software helps banks and cash processors balance those deposits and fulfill the cash needs of the branches, ATMs, and retail stores and retail customers.

All of our systems integrate together. They will talk to one another as well as work with other systems that are in place like accounting systems, customer management systems, et cetera to deliver even greater value to our users. Together, our applications record and report billions of dollars in transactions each month to give you an idea of the scope of their use.

We will give you a little bit of an update on the revenue mix. As Barry said, we are using our Q3 versus Q4 results or the last four quarters in some cases. We will make note of each. The breakdown of each one of the products is we will start with the Cirreon Smart Safe application. On a year over year basis, that recurring revenue from Smart Safe monitoring has grown 18%. It now makes up 68% of revenue. Currency Controller grew at 57%, a very healthy rate. It now makes up 20% of our revenue. Our Cirreon Banking revenue was virtually negligible last year at this time, but now makes up 8% of revenue. Our Cirreon CIT application, which is our cash in transit track and trace application, has more than tripled. It now generates 4% of revenue. All of these products are sold on a software as a service or SAS basis. Obviously, we have robust growth across multiple product lines.

As far as revenue growth, these products in total generated 23% over the past 16 quarters. That rate has improved slightly to 25% compound annual growth over the past four quarters. We were proud to be included on the Queen's Canadian Business 500 Rating of Canada's fastest growing companies this year as well. The portion of revenue that is recurring is unchanged at 95%.

While all of our solutions use a SAS model, there is always a small amount of revenue that comes from custom development enhancements required by customers. These are non-recurring in nature. That accounts for about 5% of revenue.

Let us talk a little bit about where that growth is originating from. For Software as a Service, or SAS companies, it is important to look at the mix of growth that comes from new customers versus existing. Of that 25% revenue growth, 40% was attributed to new projects. These are the new customers or entirely new deployments of products. And 60% was the result of expansion of existing subscriptions. This would be customers who have already subscribed to, for example, Smart Safe monitoring and have added additional devices that we are going to monitor. We think that is a healthy ratio.

We also wanted to illustrate that almost all of our new customers are cash in transit companies. This has changed our customer mix significantly. In the past, most of our customers were banks. Now cash in transit companies make up the largest part of our client base. This is consistent with the trend of banks outsourcing their cash processing business to cash in transit companies. We chose to focus on cash in transit clients for this reason about five years ago. We are really just focusing our marketing efforts and education efforts on that cash in transit segment. You can see the results reflected here today.

For our regional analysis, let us note that almost all of our revenue still comes from the US market. It makes up over 90% of our revenue. This market continues to be highly consolidated. From a cash services perspective, it is self-reported that they believe, or they estimate, sorry. They estimate that they have 40% of the market. Garda World has 20%. Loomis has 35%. The remaining 5% are just independent operators, of which many of those independent operators are current customers. We continue to perform quite well in the US market, but we also have active usage in 20 countries worldwide.

Some of these countries are in the earlier stages of Smart Safe and Recycler deployments, which is the primary product that we are working with internationally. We are taking a long-term view of them as emerging markets essentially getting in on the ground floor of their Smart Safe and Recycler ecosystem.

We are very much focused on revenue growth as well. We want to maintain good cost controls. We are happy to report that we have healthy margins of 69% gross and 45% operating. That is an average over the past four quarters. You can see that that has been relatively stable.

From a cash perspective, cash is up 69% to $4.3 million Canadian since our last investor update around this same time last year. We are still free of any debt. We have and will continue to evaluate different strategic investments that we think will maximize shareholder value, that we think are synergistic with the

strengths that we have as a company, and that make sense for our shareholders and the long-term vision of the company.

I would like to kind of finish off the formal part of the presentation with our view of industry trends that we see. It is a little bit about how we are positioning ourselves to react to them. The first is outsourcing from banks to cash in transit companies has been a transfer of about the past ten years. This appears to be accelerating even more in the last couple years. Even small banks are entering the fray. This means that the small banks are outsourcing their ATM networks to some of our cash in transit customers. This is really driving demand for our cash vault systems. That is reflected in, as we mentioned earlier, the customer mix and the fact that cash in transit companies now make up the largest portion of our client base.

We are seeing on a worldwide international basis some cases where banks are outsourcing their entire fleets of ATMs to third parties. In the past, they might have outsourced only the actual services piece of it. It is the emptying and refilling of the actual ATM device. In some cases, we are seeing the cash in transit companies actually purchase that network of hardware from the bank and agree to operate it under the bank's brand for a fee. This is just a trend that continues. We are well positioned to take advantage of it as we do have turnkey systems that allow cash in transit companies to immediately start up a cash vault processing service and a cash in transit service that is automated from end to end. It is integrated from end to end.

The other new development this year is the Safe Banking Act. Recreational cannabis is now legal in 11 states. Medical cannabis is legal in 33 states. Up to now, clinics and dispensaries could not bank with large federally regulated banks. If they are FDIC insured, then their cash could not be deposited with them because it is still illegal under federal law. The cash from these locations went to small state-chartered banks. These small state-chartered banks and credit unions often turned to local and regional cash in transit companies. Again, these cash in transit companies are some of our current customers. The Safe Banking Act is an effort to open it up a little bit so that it would allow the larger federally regulated banks to participate and service the legal dispensaries and clinics. We think this will allow some of our customers to offer new services. Again, we have some turnkey applications for them to use in the space.

The cash is dominantly used for the purchase of cannabis in the US. Up to this point, Visa and Mastercard were not available as options because again they are at a federal level. Cash has been the only option to date, so certainly it is a cash-incentive industry.

The next part I would like to mention is a new initiative in the ATM Industry Association. It is called Next Gen ATM. It is really a reimagining or reengineering of what an ATM is. Instead of a large device with a screen, a printer, and a pin pad as everyone is accustomed to; what they would like to see is that the user interacts with their smart phone as the interface to the device. A customer can

come up to the ATM, or even in advance enter into their smart phone that they would like to withdraw $100 in cash. They will then walk up to the device, tap their phone onto the ATM, and the device will automatically dispense the amount. Also, we will already know which account to debit. They will just use their online or mobile banking application to really drive the ATM transaction. That should reduce lines. It should also significantly reduce the cost of the ATMs and improve their reliabilities. There are fewer moving parts. It is overall a simpler device.

We joined the ATM Industry Association last year so we could keep ahead of developments in the space. We think it is important because it could drive the next wave of ATM deployments. Or it could increase the number of ATMs that are deployed worldwide or in the US. If the number of ATMs increases, then that increases the need for cash processing software to be able to service them. We want to take advantage of any integration points that we can to make the transfer of cash to and from that next gen ATM as seamless as possible through our software systems.

The other thing that we find really interesting are these small customer-facing recyclers. These devices are able to dispense as well as accept notes and coins at the point of sale at the cash register. They have long been used in Asia. We are now seeing some of these devices come to North America and Mexico. It should have some interesting implications. The main advantage of these types of devices is that the cashier never has to touch the cash. The customer approaches the point of sale and places their order. Then if they want to pay in cash, they insert their own notes. The device dispenses change.

It is similar to a self-checkout in some respects. The cashier is behind this device at the time of the order. It is very useful in restaurants because whoever is taking the order does not have to take off their gloves. They do not have to handle dirty money and then go back to handling food. It has some interesting use cases when combined with the next gen ATM concept. You could potentially pay for a coffee and deposit cash at the same time or withdraw cash at the same time in a single transaction that was driven from your smart phone application. It is an example of how cash can continue to be relevant even just aided by technology in this age. Of course, we monitor a lot of recyclers in North America. There are more devices out there that could significantly increase the number of units that we monitor and collect data from.

Lastly, I will talk a little bit about wage competition. The US is operating at historically low unemployment rates as everyone is quite familiar with. We are hearing from our customers, both cash in transit and retail, about how they are having to pay more to attract employees and retain them. We see this as a key driver in demand for technology. This is not a brand-new aspect. Certainly the pressure is not reducing. They are having to look at new technologies to help reduce their labor costs and make their entire operations more efficient. Cash in transit companies are moving to one-man trucks rather than two-man crews on a vehicle. They are having to make their routes as efficient as possible.

Our cash in transit application facilitates that. It enforces all of the controls to make sure that even one person could do their job effectively and accurately. Also, our software allows them to monitor the routes of their trucks to optimize the order of their stock and actual physical driving route that they take to help reduce the amount of time that their employees spend on the road and reduce their fuel costs as well. Then retailers are looking at Smart Safe and Recycler equipment to again reduce the amount of time that managers are spending counting and recounting cash, to reduce the amount of time employees are spending after their shift and balancing out their registers. We think that we are well positioned to benefit from all of these industry trends.

I would like to start with questions and answers. But before we take ones from the callers, I would like to start with two that were submitted by investor Tom Them. His first question is, what are some great questions that investors rarely ask you but should? We thought this was a pretty good question. We had to give it some thought. The best question in this age is what technology could disrupt your business overnight. Just like Uber did to taxi companies and Craigslist did to newspapers, what could immediately impact our business detrimentally?

Paper currency is obviously part of our business. It was first used in the seventh century. It was first used in Europe in the seventeenth century. It has had a pretty good run. As we described in our first slide, there are some very unique aspects to cash. It is instantaneous. You can settle the par. There are no transaction fees. There is no middleman. It is reliable and durable. It is a resilient transaction. It is easy to use person to person.

One thing that could ultimately disrupt our business is that someone tomorrow invented some sort of stored value card or chip that was anonymous and allowed instant transfers from person to person. That is the engagement of a third party, without access to the internet, without access to electricity, and without the use of a ledger to record the transaction. Then this could conceivably replace cash. This does not exist today, but that is an example of something that could not only disrupt our business but disrupt the entire cash industry in short order.

Just to be clear, Bitcoin does not meet these criteria because it does require access to a network. There is a ledger, so it is not completely anonymous. This is very few. There are really no alternatives that check all of the boxes that cash does.

The other question that Tom had submitted was what you think are some of the things that investors misunderstand about the business. We think that the greatest misconception is that cash has already disappeared. It has to do with the person that asks the question. If you have money to invest, you own a home, and if you have a good credit rating, you probably do not use much cash on a daily basis. If we look at the US where we have the best statistics, 7% of the

adult population does not have a bank account. Twenty percent of the adult population do have a bank account, but they still rely on non-bank services such as check cashing, payday loans, et cetera. If you wondered why there are so many of those stores, that is why. One in five adults use them on a semi-regular basis. That means that one in four consumers really do, to some extent, rely on cash and availability of cash.

This is one of the reasons that urban jurisdictions are passing laws to force retailers to accept cash. It is also one of the reasons why online retailers like Amazon are trying to figure out ways that they can accept cash. They have initiatives of paying for things through retail outlets with cash before they deliver it via your Prime service. Or their Amazon Go stores have started to accept cash as a payment method. Originally, they were supposed to be cashless environments. Part of the reason is that these companies realize that they are locking out 25% of the potential customers.

We think that that is probably the biggest misconception about our business is related to just the use of cash that has to do with just the kind of invisibility of those consumers that are heavily reliant on it. With that, I will open it up to questions, Katherine.

Katherine: At this time, if you would like to register to ask a question please press star and one on your touchtone phone. Again, that is star and one. You can remove yourself from the question queue at any time by pressing the pound key. We will pause for a moment to allow questions to queue. As a reminder, that is star and one if you would like to ask a question today. We will take our first question from Matthew Schroeder. Please go ahead.

Matthew Schroeder: Hi Jason. Thank you very much for that presentation. I have a question that you were saying you have seen quite a lot of growth from your cash in transit customers and in the banking segment. I believe on the previous investor call, you talked about some of the developments going on in the CIT industry and the consolidation that was going on. There was Brinks and Dunbar getting together. If you could give us some color on how the industry trends, what industry trends are, and how they are impacting NamSys, that would be great.

Jason Siemens: Yeah. We have not seen any further major acquisitions. The last big one was Brinks and Dunbar. That acquisition will have benefits for us in that Brinks is an existing customer. It would be an expansion of that subscription revenue from them potentially. What we are seeing as far as the cash in transit industry is that merger in particular generated a lot of churn amongst customer accounts. Customers that previously like Dunbar customers may not have had a good relationship with Brinks, but they are looking to alternatives. Some of those customers are engaging with some of the smaller regional players. They are signing on for their services.

We also see that the regional players are expanding on a state by state basis. Some of our customers who may start off in, let us say, Washington are now all

the way on the western seaboard. We have probably seen that industry consolidation has probably not materialized to the extent that we saw. It kind of was that Dunbar acquisition. We have not seen much consolidation at the regional level as of yet. At some point, some of these regional players will start to overlap. They may see some synergies in merging at that point.

Matthew Schroeder: Okay. Thank you very much for that. If I may, I have a couple questions. I will ask at least one now, and then go perhaps back into the queue. On one of the previous calls, you also discussed. My question is about, are there any bottlenecks that NamSys has or constraints to growth? I remember you talking about being able to get qualified good engineers. Is there any color on any bottlenecks that you are experiencing from a corporate standpoint?

Jason Siemens: Yeah, that is a good question. Hiring continues to be a challenge. In Canada, it is also a low unemployment environment. In particular, finding qualified engineers for cloud-based operations is uniquely challenging. We have expanded our staff to meet some of the demands from our customers. This time last year we were ten employees. We are now 13 employees, and likely soon 14. That staffing has gone up. We have been able to find people. It is a matter, as many know. It is a matter of going through literally hundreds of resumes to narrow it down to a dozen people to end up with one candidate. That is the process that takes time. It takes us literally months to find people and to find the right people. We have to be careful, of course, of who we onboard. Yeah, we have been doing better in that respect. It is much better than in prior years.

Matthew Schroeder: Okay, thank you. I will go back into the queue if someone else has questions. Thanks.

Katherine: Our next question comes from David Eckinburg. Please go ahead.

David Eckinburg: Hello. First of all, congratulations for celebrating your thirtieth year of business, I think.

Jason Siemens: Yeah, thanks David.

David Eckinburg: The reason I wanted to ask you is you mentioned in the previous call and on your website that your financial performance is kind of closely tied to one of your customers. How exactly do you bill your customers for each of your services? Is it a fee per transaction, a fee for number of dollars processed? I would appreciate if you could provide some details on how your financial performance is tied to one of your customers.

Jason Siemens: That is a good question. All of your customers are billed the same way. It varies by product, but it is always the same concept. For our Cirreon Smart Safe monitoring application, maybe I will flip back to the first slide there. For our Cirreon Smart Safe monitoring application, we bill per device per month. It is a flat fee regardless of the number of transactions performed on the device. For our Cirreon banking application, it is a monthly fee per store that uses the

application. Again, it is not tied to the transaction volume or the amount of the transaction. For the Cirreon cash in transit application, it is billed per truck. All of these are billed based on active usage the prior month. This is meaning that if the customer's business declines and they take trucks off the road or stores close, their invoice the next month is lower. It does vary. Hopefully it varies in the opposite way and goes up.

Then at the very end in currency control, we built our teller workstation. All of these are very closely tied together with the customer's processing capacity. What we want to do is align their interests with ours. As their business grows, our revenue grows. We are incentivized to help them provide new services that can help expand their business and expand their use of the software.

David Eckinburg: Okay thanks. May I ask another question?

Jason Siemens: Sure.

David Eckinburg: In your October 2018 call and also in your April 2019 call, you mentioned that there was about 150,000 Smart Safes in the US. I noticed that that number actually has not grown from 2018 in October through April 2019. What is happening now? Do you think the number of Smart Safes will actually be growing? Or is it something that is pretty much flat in terms of growth?

Jason Siemens: No. It has grown. At this point in time, it is likely that it is closer to 180,000 units in the field. The difficulty is that none of these numbers are public. It is largely what we do is we collect data from reports and research reports from Solant, G4S, and Brinks. We will present those, but they are estimates. Yes, certainly the growth of the Smart Safe market continues to grow at approximately a 20% year over year rate. It has maintained that rate for the past five or ten years.

David Eckinburg: Okay, there is one last question. I have noticed that you will be attending a conference in a few weeks. I have looked at the other companies that are presenting themselves at this conference. Some of them seem to have a similar product offering similar to what you are offering. For example, SureTrak. I do not know if you have heard about this company for example.

Jason Siemens: Yes.

David Eckinburg: I am just wondering. What exactly differentiates your products from these other software developers? What are you doing that these competitors are not doing yet?

Jason Siemens: Yeah, the conference that we are attending is called iCost, which is an international currency symposium. They have different events in different continents. The Americas is just one of them. It is in Boston this year. We have attended it in past years. We stopped attending for a couple years because we did not find it as beneficial. We are kind of dipping our toe back in the water by sponsoring it again this year. To your question of the companies that are

attending, yes. NamSys does have competitors. We think that is a good thing. If we did not have any competition, we probably would not have a good market. _____ [00:39:28] is there. They make a competitor to our currency controller application. Likewise, _____ [00:39:36] is there. They through their CPS arm also have a competitor to our cash vault or currency controller application. There is also a company called Transtrack that will be attending. Transtrack is owned by G&D or by Giesecke and Devrient. They are very much present in the European marketplace.

One of the reasons we attend these shows is that we do want to compare our offerings. We do want to see what they are doing and who they are talking to. We want to be present for those sessions. Yes, certainly some of these customers do have products that are competitive with ours. SureTrak in particular has a unique case. We develop all of SureTrak's products. SureTrak rebrands our Cirreon CIT application under their SureTrak CITS application. If you look on their website, the screenshots of the applications will look identical. Likewise, their SureTrak DT software and SureTrak change order software, CO software, is our Cirreon banking application. Our relationship with SureTrak is that they are a non-exclusive reseller of our applications. They are helping to build the market for our products and educate customers out there. Also, they are leveraging some existing relationships they have to get the product into. They try to get the product into large banks and retailers.

David Eckinburg: Okay, thanks Jason.

Jason Siemens: Thank you.

Katherine: Our next question comes from Victal Patel with ECI. Please go ahead.

Victal Patel: Hi. Good morning gentlemen. This is a question. Congratulations on a good set of numbers. Most of my questions were answered, but I do have a couple of them to add. The first question is, in the past you mentioned that you have been working on route optimization software for cash carrier vehicles. Can you please share an update on that and what kind of earning potential you expect in the future?

Jason Siemens: Yes. The route optimization, we did try a couple of different approaches. We settled on partnering and using technology from a company called ArcGIS, which is an established vendor for route optimization. Their latest software that was released earlier this year basically checked a lot of the boxes that we needed that are unique to armored carrier delivery that was supported in the past. We are beta testing it still with two cash in transit companies in urban areas. So far, the results look very good.

The use of route optimization for armored carriers, what we have learned is that the use case is a little constrained to those urban areas. An armored carrier operating in suburbs or small cities is very different than operating in major centers like Dallas or Houston. Even Chicago is different than Dallas. Dallas is

different than Omaha. We are learning as we go there. Some of the carriers that are using the beta version of it are getting good results so far.

Victal Patel: Okay, thank you. The next question is on the ATM higher next generation that became standard. In the past, you mentioned that ATM and next generation ATM features are where you get the phone and it gives $200 to an individual. If you go to the ATM, the ATM will dispense cash. You mentioned because you are already in ATM cash processing software, you can leverage existing software to fit in the next gen ATM feature. Can you please provide some updates or progress on that?

Jason Siemens: Yeah. What we want to do as part of the next gen ATM piece is because it is a developing standard. This is not. We are not going to see products come out of this industry consortium for probably another 12 to 18 months at least. One of the reasons we want to be there is so that we know in advance what to expect from these types of devices. It is to make sure that we can integrate with any kind of data that these devices output.

For example, on a traditional ATM right now, when the cash is empties and the residual cash leftover cash is emptied from the device, it will be delivered to a cash processing center that may run our currency controller application. The transaction for balancing that ATM starts by identifying the ATM via a paper receipt. Then it is entering in the amount of dispensed cash, again, from a paper receipt. What we need to be prepared for is if these devices do not have printers on them, how are we going to know where that cash came from? How much are we going to know what the amount of cash is to expect? That is sort of what we want to have early visibility into. This is as well as if there is anything we can do to help service these ATMs in the field with our cash in transit application. That could potentially make servicing more efficient and would increase demand for our cash in transit application.

The unique nature of the device just has some implications on the back end as well as the servicing perspective that we want to be aware of. We do not think that there is necessarily an opportunity for monitoring the devices themselves. Those actually tend to be very manufacturer specific. That is something we have our eye on as well just because there is some overlap with Smart Safe and Recycler technology.

Victal Patel: Thank you very much for the color on that. This is the last question that I have. _____ [00:47:46] revenue from coming upstream like _____ [00:47:50]. In this case, do we assume that all the revenue from _____ [00:47:57]? If not, then what percent of the revenues are we getting in nature versus one time? Thank you.

Jason Siemens: Yes. All of our new sales are sold on a recurring basis. We do have some Legacy sales. We have customers that have been with us for 20 years. We are very glad to have them. Those customers pay us a maintenance fee that is a percentage of the value of the product. That is paid on an annual basis. We do count that as

recurring revenue as well for maintenance revenue that is recurring. The recurring revenue for the other products for our other subscription-based products like our Cirreon applications or currency controller are based on active usage. Unless the customer cancels the contract or their usage goes down to zero, of course we expect that revenue to continue on. I mean, it is dynamic. It is variable in nature. It is subject to change. All contracts are between one and three years. That locks in pricing, but it does not normally lock them into a minimum number of units. It is a pure software as a service subscription in that respect.

Victal Patel: Okay, thank you. That is all from my end.

Jason Siemens: Thank you.

Katherine: As a reminder, that is star and one if you would like to ask a question today. We will now go to Matthew Schroeder. Please go ahead.

Matthew Schroeder: Hi Jason, again I have just a very quick last question about how NamSys is in an enviable position with about, I think, the number was $4.3 million in cash on the balance sheet. It is up nicely from the previous year. My question is one of capital allocation. For potential acquisitions or whatever you are looking at, what type of criteria are you using? What is your evaluation process? The nature of my question is for a company that is accumulating cash, there is sometimes a temptation to go out and buy something. I am just trying to understand how you are going about that process. Thank you.

Jason Siemens: Yeah. There are several factors that we are considering when evaluating a company. The first one is size. Of course, we are still a small company ourselves. Acquisitions become that much more selective because we are not going to be purchasing or acquiring someone larger than ourselves. We do not want to make a large leverage transaction. That is a big component. I mean, that narrows the field down significantly. We also want someone that has an established track record of success, whose customers at least somewhat align with ours. This is whether that is retail, logistics, or banking. Their customer base is important.

Another aspect that is really important to us is technology. NamSys is java-based. Java is the programming language. It does not make as much sense to acquire a company who cooperates on the Microsoft C-Sharp based platform. This is just because there is not a lot. There is less opportunity to transfer knowledge, to get some synergies, and produce costs. The other aspect to it is not only the programming language technology, but the cloud technology. Right? We are on the Amazon cloud. Ideally, it is beneficial to have someone else who is also on the Amazon cloud. Certainly, at a very minimum we want someone who is cloud-oriented at the least. They have at least some solutions that currently operate on public cloud. Amazon is ideal, but just in general they operate on public cloud as a subscription or software service basis. That makes the most sense for us.

That should give you kind of an idea of what we are looking at. It should also illustrate that the filter is pretty fine too. It makes finding and evaluating them a little bit harder, but we want to be very careful to allocate that capital wisely.

Matthew Schroeder: Okay, thank you very much.

Katherine: Our next question comes from Tom Macomb. Please go ahead.

Tom Macomb: Hi Jason. Thanks for taking my question. I am just wondering with CIT or with your Smart Safe, what is sort of the rate of adoption with your existing relationships? For instance, are you in every truck that they put on the road with CIT? Or for every Smart Safe that they put out, is it your software? Take Brinks for example. Are you totally integrated? Or is there room to grow with the existing relationships?

Jason Siemens: That is a good question. I will start with the CIT or cash in transit deployments. One of the unique aspects there is that cash in transit is a bit of a closed loop. You might have one truck that picks up at a customer, comes back to the depot at the end of the day, they sort that bag just like they sort packages in a FedEx facility. Then that bag will be loaded onto a second truck the next day for delivery to the customer. They will do pickups that need to be delivered the opposite way. This will happen across dozens of vehicles and routes.

With our CIT application, that is one of the challenges in rolling it out. It is very much an all or nothing proposition. There is very little value or even negative value in putting one out of 20 trucks on our application. Really, the value is you do all 20. That is so that the work and deliveries flow seamlessly from one truck to another. We even have scenarios where a truck meets another truck in a parking garage or some private facility. They will exchange work on the fly on the route. Or there are trucks that deliver to airports or a flight delivers it to another truck. Certainly, the value is in that all or nothing investment for the customer. We do not see any partial deployments of our software. The only instance of that is if they do have multiple branches. You know, if there are branches and operations in three major cities, we can roll out one city at a time. We do not have to roll out their entire enterprise. Certainly, within a given vicinity we need to deploy everything at once.

For the Smart Safe, there is value in having us as the singular universal dashboard. If you are a Smart Safe network operator like a Burrows, for example, as a service provider that deploys Smart Safe hardware plus manages the data transmissions to the bank; it is very beneficial for you to use a single Cirreon NamSys Cirreon application rather than three or four different solutions. It just significantly decreases the management effort. All of a sudden, you can use one application to manage thousands of ATMs versus a dozen different applications from different manufacturers or different vendors. That said, we do have some customers that are currently running two systems in parallel with plans to migrate devices over to our Cirreon application.

One of the reasons they are doing that is that we have 90% of their safes, that extra 10% just makes sense to put it onto our platform. One of our strategies is to build that beach head of devices so that it just makes sense to put them on our dashboard first. Does that? I hope that answers your question.

Tom Macomb: Yes, that is exactly it. Thank you.

Katherine: We will now go to David Eckinburg. Your line is open.

David Eckinburg: Hi again, Jason. I have another question here. I am just wondering, how vulnerable is your business to cyber-attacks? How well are you shielding your products from cyber-attacks? I would like to know if you could give an idea of how much capital is required spending to ensure cyber protection for your whole network of software, especially as it is going forward. Is it some sort of fixed fee that you have to pay? Or does your expenditure grow as your business scales in terms of cyber protection?

Jason Siemens: Yes, that is a good question. First of all, we use the Amazon cloud which is well regarded for security. They have not had a major security breach to date. The public loud is the most attacked infrastructure in the world. Approximately 30% of the websites that you might use on a daily basis are in the Amazon cloud, including Netflix, Lyft, and all other sorts of services. Certainly, their security infrastructure needs to be paramount. We really do leverage everything that they provide as far as security capability. We use Amazon's firewall. We use their intrusion detection systems for automated alerting. We subscribe to their extended support services so that any problems that come up, we can get resolved as quickly as possible. We use all of their patching solutions to make sure that all of our systems are always up to date with the latest security patches. Then we use a product that they call Amazon Config to make sure that all of our systems are always compliant. We are observing all of our own rules, for example, for encryption of data at rest as well as over the wire in transit. We leverage a lot of their technology in order to help mitigate the risk there.

Then from a coding perspective, we train our developers in OWASP and SAN guidelines, which is a bit technical. But those are standard guidelines of best practices for secure coding. Then we use a static code analysis tool to try to find security flaws before they actually get deployed. We use dynamic web application testing so that we are constantly running tests on a daily basis against known hack procedures to make sure that we are not vulnerable. That is critical as well.

Then at the very end, we do annual penetration testing on our system. We use outside vendors for that. They get sort of behind the current access to our applications and try to find. Yeah, they spend a week or two trying to find vulnerabilities in our applications, or just make general suggestions of how we can do things to improve our security. It is a multi-faceted effort.

I do not think we have ever added up all the costs to it. But certainly there is a fee for all the Amazon security monitoring, intrusion detection, and prevention. There are fees for our dynamic web application security testing. There are fees for we do have cyber intelligence. There is cyber-attack insurance as part of our overall insurance coverage. There is a specific cost for that as well.

A lot of these things are relatively fixed, which is important to note. It does not really matter how big a system or how much volume a system is processing. The tests of whether that system is secure are done on a per system basis. These fees do not necessarily go up, and the risk does not necessarily go up with more activity or more revenue.

David Eckinburg: Okay thanks.

Katherine: Once again, that is star and one if you would like to ask a question today. We will pause for a brief moment to allow any further questions to queue. It does appear that we have no further questions at this time.

Jason Siemens: All right. Thank you for all those questions. They were all very good and very well informed. I hope I was able to answer them to your satisfaction. Thank you for taking the time to hear more about the company, our products, and operations. Certainly, if you have any questions that you come up with after please do not hesitate to email myself or Barry Sparks. We will be happy to answer you.