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ASX ANNOUNCEMENT AND PRESS RELEASE

TSN ACQUIRES 100% OF CYBERSECURITY SPECIALIST

HIGHLIGHTS

- **TSN signs Agreement to acquire 100% of Sydney based cybersecurity specialist Decipher Works Pty Ltd (DWX)**
- **Long term client base includes Australia's top tier banks and large corporates**
- **Total consideration \$3.2 million plus net working capital balance, valued at \$1.9 million**
- **Settlement comprising 61% cash and 39% scrip**
- **Strong Balance Sheet with significant cash and receivables of \$2.4m**
- **Attractively priced at 3.6 times EBITDA (based on acquisition price, net of working capital)**
- **Earnings accretive, strong fit to TSN's growth strategy in cybersecurity and complementary to its existing business interests**
- **TSN intends to use funds on hand to complete the transaction**

Transaction Solutions International Ltd (ASX: TSN) (TSN or the Company) is pleased to announce that it has entered into a binding agreement to purchase 100% of Decipher Works Pty Ltd (DWX).

The consideration for the acquisition is estimated at \$3.2m plus net working capital of \$1.9m, resulting in a total consideration of \$5.1 million, comprising approximately 61% in cash and 39% in TSN's shares.

DWX has a strong Balance Sheet with \$1.8 million in cash, \$0.6 million in receivables and debt-free. DWX's net working capital is approximately \$1.9 million, after deducting payables, provisions and tax liabilities.

DWX has consistently delivered revenue of \$3.0-3.5 million and normalised EBITDA of \$0.8-1.0 million in each of the last 3 years. This represents 3.6 times EBITDA multiple, after accounting for the surplus cash and working capital in DWX.

In addition to generating stable revenue and surplus cash to TSN, the acquisition is a strong fit with TSN's strategy in cybersecurity, in that it forms a solid foundation as a platform for large scale growth. DWX has deep cybersecurity expertise and a strong client base of top tier banks and large corporates, which may be leveraged for other new technologies and products currently being evaluated by TSN.

Overview of DWX

DWX is a cybersecurity specialist founded by 3 partners in 2007.

From its base in Sydney, DWX offers cybersecurity protection (such as identity governance, access management, multi-factor authentication, data security, single sign-on), threat detection and security managed services solutions.

DWX has gradually built a blue-chip client base, consisting primarily of banks and financial institutions. The top 12 customers are repeat customers and account for 88% of its aggregated revenue in the last 3 years, indicating strong customer satisfaction and loyalty.

One of the key reasons behind the loyal customer base is the technical expertise of the team. Its software engineers are technically skilled and highly experienced, with an average of 12 years relevant experience. In addition, the software engineers rely on the substantial intellectual property and knowledge base (such as codes, designs, interfaces and best practices) that it has developed over the last 10 years. Further information can be obtained at decipherworks.com.au.

Transaction Terms

The total consideration for DWX is approximately \$5.1 million being \$3.2 million plus the value of working capital estimated at \$1.9 million. Payment is by a combination of cash and equity.

The cash component of approximately \$3.1 million is to be paid in 3 stages estimated to be \$917,000 paid at completion; \$459,000 paid 90 days after completion; and the balance of \$1,730,000 after 180 days.

TSN will also issue at completion, shares to the value of \$2.0 million at a price based on a 5-day VWAP. The shares will be subject to voluntary escrow for 2 years from the date of issue.

The transaction is subject to a number of standard warranties typical of a share sale and purchase agreement and includes that the two vendors active in the business enter employment contracts for a minimum of 3 years with agreed performance incentives. Completion of the acquisition is expected within a week as no shareholder approval is required for the transaction.

TSN's Growth Strategy in Cybersecurity

This acquisition has a strong strategic fit with TSN's previously announced strategy in cybersecurity (ASX announcement 6th July 2017).

As TSN's first cybersecurity acquisition, DWX brings strong core technical capabilities, deep experience and a loyal customer base – together they form a strong foundation for TSN to drive strong organic growth.

In addition, DWX's strengths will add significant synergistic benefits to TSN's possible acquisitions in cybersecurity in the future.

This acquisition should complement TSN's existing interest in India. Other cybersecurity opportunities are currently being reviewed and TSN will keep the market informed of any material developments.

CEO of TSN, Mr Jeffrey Lai said that *"acquiring a company at an EBITDA multiple of 3.6x should provide immediate value accretion for shareholders, as well as providing TSN with an excellent platform for growth, allowing for organic and inorganic opportunities. We remain active in reviewing other cybersecurity technologies that will compliment DWX. This is a strong foundation for growth and is a great step in our Cybersecurity strategy."*

According to Frost & Sullivan, the cybersecurity market in Asia-Pacific (including Australia) was estimated to be US\$17 billion (equivalent to A\$21.6 billion) in 2015. This market is one of the fastest growing markets in the IT sector, with annual growth of 12-15%, based on consensus estimates."

Further investment opportunities

The Board of TSN remains active in evaluating a number of opportunities, including further cybersecurity projects and the potential investment into TSI India. Chairman of TSN, Mr Gary Foster said that, *"whilst I personally have a great attachment to TSI India and belief in the management team, shareholders need to receive the best value we can provide them utilising the resources that we have. At the moment, given TSN's size and resources, we consider acquiring a company at 3.6x EBITDA is a better use of shareholder funds and resources.*

Should TSN be able to increase its value and its share price, the TSI India transaction becomes more attainable and attractive for TSN shareholders. TSI management have much in their pipeline, and ideally we want to be part of this in some form. By this recent acquisition, we see a powerful cross selling opportunity with TSN products in to India and TSI India's products and services into our existing Australian bank relationships."

Mr Foster went on to say, *"I wish to thank our recently appointed Board members especially Mr Jeffrey Lai, for their efforts in bringing this deal to completion, along with our Corporate advisors, Cadmon Advisory, who all played an important role in this transaction."*

We look forward to keeping the market informed of the progression of DWX and other acquisition opportunities in cybersecurity.

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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 24.89% interest in TSI India, which was formed to create scalable operations in the field of e-transactions and payments in India.

TSI India, which was founded by Paul Boyatzis and Gary Foster, Australian nationals with considerable experience in the financial services industry in more developed markets, has emerged to become a leading operator of bank-branded ATMs in India. In addition, TSI India offers bill payment and electronic surveillance services to banks and utility companies.

Beyond its investment in India, TSN is pursuing a growth strategy in the financial and technology space, specifically in cyber-security by bringing proven capabilities and technologies for entry to the Asian market.