



TRANSACTION SOLUTIONS INTERNATIONAL



SHAPING SECURE PAYMENTS

Acquisition of 100% of Decipher Works Pty Ltd

PRESENTATION TO SHAREHOLDERS – AUGUST 2017

Important notice and disclaimer

The information contained in this presentation prepared by Transaction Solutions International Ltd ("TSN") is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Potential investors must make their own independent assessment and investigation of the information contained in this presentation and should not rely on any statement or the adequacy or accuracy of the information provided.

To the maximum extent permitted by law, none of TSN or its subsidiaries or any of their respective directors, employees or agents accepts any liability including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation.

In particular and without limitation, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects, statements or returns contained in this presentation. Such forecasts, prospects, statements or returns are subject to significant uncertainties and contingencies. Actual future events may vary from those included in this presentation.

There are a number of risks, both specific to TSN and of a general nature which may affect the future operating and financial performance of TSN and the value of an investment in TSN including and not limited to reliance on key customers, economic conditions, stock market fluctuations, environmental risks, regulatory risks and operating risks. These risks are explained in further detail in the key risks section of this presentation.

This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions, and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied in such statements. You should not place undue reliance on forward-looking statements and neither TSN nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

The statements and information in this presentation are made only as at the date of this presentation unless otherwise stated and remain subject to change without notice.

Decipher Works Acquisition Overview

Transaction Details

- Valuation of DWX = \$3.2m + value of DWX's net working capital (estimated at \$1.9m) for 100% stake in DWX
- TSN's offer of approximately 61% cash and 39% ordinary shares:
 - Cash to be paid in 3 stages: completion (~30%), after 90 days (~15%) and 180 days (~55%)
 - Shares to be issued at completion and placed in escrow for 2 years
- Split of cash/scrip for the 3 existing shareholders of DWX:
 - For the 2 active shareholders who will remain in the business: shares ~56% and cash ~44%
 - For the 1 passive shareholder who will be exiting the business: cash 100%
- Employment contracts (minimum 3 year term) with performance incentives agreed with the 2 active shareholders

Expected Financial Impact

- Expected EPS accretion of 0.04 cents per share
 - Based on DWX's FY17 EBITDA and excludes any synergies and transaction costs
 - Based on approximately 2.2 billion shares outstanding after completion of transaction
 - Assumes no taxes due to TSN's accumulated tax losses
- Acquired strong Balance Sheet with surplus cash
 - Total cash balance of \$1.8m
 - Receivables valued at \$0.6m
 - Net Working Capital of \$1.9m

Funding

- Fully funded by cash in bank and issue of new equity
- No debt funding nor additional capital raising required

Timing & Closing Conditions

- Due diligence completed with the assistance of Deloitte and Cadmon Advisory
- Board approval obtained
- Binding agreement executed
- Target completion date: 21 August 2017

Strong Strategic Fit

Highly Attractive Fundamentals

Stable revenue stream of \$3.0-3.5 million p.a.*

Net EBITDA of 26-28%*

Attractively priced at ~3.6x EBITDA**

Initial earnings accretive for TSN***

* Based on FY15, FY16 and FY17 financials. Profit adjusted for non-recurring items.

** Excludes surplus cash and working capital included as part of the acquisition

*** Earnings accretive of 0.04 cents per share, based on FY17 EBITDA and diluted shareholder base of 2.2b shares

Strong Strategic Fit

Fit with TSN's growth strategy in cybersecurity

Strong credentials in banking and Corporate sector

Deep technical expertise in cyber protection and threat detection

Potential ability to leverage expertise throughout Australia and Asia

Decipher Works Overview

Business Overview

- Decipher Works Pty Ltd (DWX) is a cybersecurity specialist founded in 2007
- Trusted by large corporations
 - High repeat clients – top 12 clients (which account for 88% of revenue) are repeat clients
- Highly experienced team of 12 software engineers
 - Average 12 years of relevant experience
 - Average tenure at DWX ~5.5 years
- Substantial intellectual property accumulated over the last 10 years (incl. codes, designs, interfaces, documentation, training, etc)
- Solid EBITDA margin of 26-28%

Select Clientele



Business Partners



Decipher Works Overview Cont'd

Specialised Services



Identity
Governance



Access
Management



Threat
Detection



Enterprise
Security



Data
Security



Multi-Factor
Authentication



Managed
Services



Integration
Services

Target Industries

- Banking and other financial institutions
- Others (government and private enterprises)

65%*
35%

* % is based on share of DWX's total revenue of \$9.9m in the last 3 years

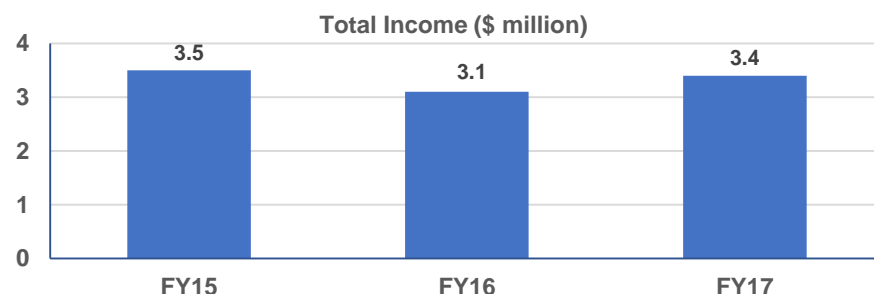
Accreditations

- ✓ IBM Australia Security Partner of the Year 2013/14
- ✓ NSW Government Approved Supplier SCM0020
- ✓ QLD Government GITC Accredited Supplier
- ✓ CCIQ QAssure Accredited Supplier

Decipher Works Financial Overview

Highly attractive fundamentals and sound platform for future growth

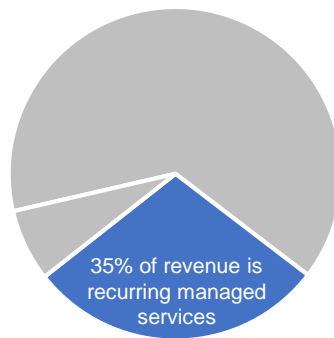
Revenue



Repeat customers account for most of DWX's revenue*

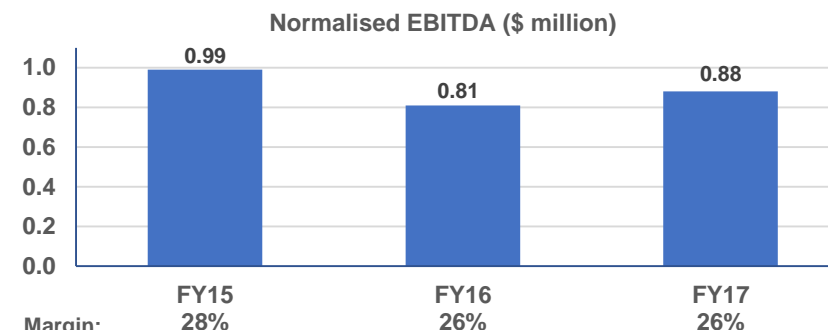


Sizeable Managed Services business*



* Based on total revenue of the last 3 years

EBITDA**



TSN's total cash & scrip offer:	\$5.1m
Less DWX's surplus working capital:	\$1.9m***
Net offer for DWX's business: (excl. surplus working capital)	\$3.2m

EBITDA Multiple (excl. surplus cash) 3.6 times

** Normalised EBITDA is adjusted for non-recurring income and expenses
*** DWX has substantial cash balance in bank amounting to more than \$1.7m and receivables of \$0.6m; TSN offer takes into account of the surplus working capital.

For more information

Company

Jeffrey Lai
Chief Executive Officer

41-47 Colin Street,
West Perth 6005
Western Australia
Email: jlai@tsiplc.com.au

Corporate Advisor

Cameron Low
Cadmon Advisory

Suite 22, 24 & 25
Level 31, 120 Collins Street
Melbourne Victoria 3000
Email: cameron@cadmon.com.au