

TSi

TRANSACTION SOLUTIONS INTERNATIONAL

INVESTOR PRESENTATION

AUGUST 2019



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INVESTMENT HIGHLIGHTS

1 Strong Financial Performance

- 6 consecutive quarters of positive operating cash flow
- Free cash flow: Jun '19 quarter \$777k (delivered)
Sep '19 quarter \$900k (estimated)

2 High Growth Industry

- Core business built on successful acquisitions in cloud and cyber security
- Fast growing markets at 15 – 20% p.a. and estimated to reach \$10b and \$6b respectively in Australia within 3 years¹

3 Solid Customer Base

- Blue chip client base: large financial institutions, utilities and government
- Healthy repeat business with loyal client base due to strong technical expertise

4 “Inorganic” Growth Potential

- Developing proprietary products by leveraging on client engagements to solve real-life customer problems
- Further value-accretive and complementary acquisitions

5 Optionality Value in Passive Interest

- Additional optionality via 25% passive interest in Indian ATM managed services business, recently independently valued at \$9.8m
- Actively seeking exit to focus on core business

1. Source: Gartner, Australian Government's Cyber Security Growth Network, internal analysis

CORPORATE OVERVIEW

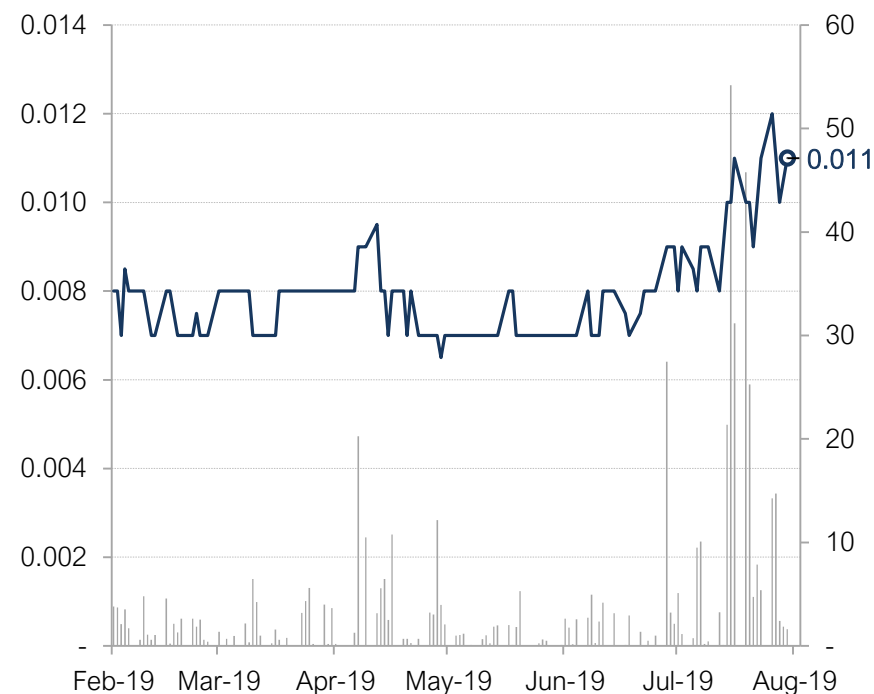
Market Capitalisation (ASX: TSN)

Share Price (as at 19 th August 2019)	\$0.011
Total Shares On Issue	2.42 bn
Unlisted Options Outstanding	334.76 m
Market Capitalisation ¹	\$26.5 m
Less: Cash at Bank (as at 1 Aug 2019)	\$1.5 m
Add: Debt	\$3.4 m
Enterprise Value	\$28.4 m

Options

Expiry date	Exercise Price (Cents)	Options
7-Nov-19	1.100	119,102,950
7-Feb-20	1.500	12,000,000
3-Apr-20	1.700	48,181,818
3-Apr-20	2.000	5,000,000
23-Sep-20	0.851	30,375,000
21-Dec-20	1.300	59,551,478
21-Dec-20	1.500	59,551,478
6-Feb-21	1.220	1,000,000
Total		334,762,724

Share price (\$a) / Volume history (m)



Notes:

1. Undiluted market capitalisation
2. Comprises convertible note (\$0.8m, expires Dec-19) and deferred acquisition payments (\$2.6m)

HIGHLY EXPERIENCED BOARD & SENIOR MANAGEMENT

BOARD OF DIRECTORS



Gary Foster
Co-Founder &
Chairman

- Chairman of TSN since Mar 2017 and previously Managing Director
- Built one of the largest Australian electronic transaction companies
- Member of the Australian Institute of Company Directors.



Jeffrey Lai
Managing Director
and Group CEO

- Joined TSN in Mar 2017, 30 years in the technology sector
- Previously Managing Director of Accenture and Arthur D. Little
- Bach of Engineering (Uni of Melb) and MBA (INSEAD)



Howard Digby
Independent Non-
Executive Director

- 25 years of experience managing technology businesses
- Experienced ASX Independent Director
- Advisor and investor in technology companies
- Bachelor of Engineering (UWA)

LEADERSHIP



Michael Leonard
Founder of
Decipher Works

- 20 years of IT security experience, and expertise in Identity and Access Management
- Specialises in banking and insurance sectors
- Broad skills in security strategy, architecture and solutioning



Stefan Halvarsson
Founder of
Decipher Works

- 20+ years of IT security experience, primarily in Identity and Access Management
- Specialises in financial services sector
- Deeply skilled in delivering solutions for large and highly complex environment



**Malcolm
Duncanson**
Founder of
Cloudten

- 20+ years of experience in IT design and architecture
- Specialises in cloud and security
- Prior to founding Cloudten, held architect roles with various large, global financial institutions in London



Richard Tomkinson
Founder of
Cloudten

- 20+ years of experience in delivering large, complex IT programs
- Specialises in cloud and infrastructure security
- Prior experience with large corporations

CORE BUSINESSES

Decipher Works (100%)

- Acquired in August 2017
- Cybersecurity services
- Specialist in the Identity & Access Management (IAM) pillar
- Acquired by TSN for \$5.1m
- Financial performance¹:
 - Revenue \$4.4m
 - Profit before tax \$1.1m
- Growth: 25% p.a. for 3 years

Cloudten (100%)

- Acquired in February 2019
- Cloud and cloud security services
- Highly accredited AWS partner (Security and Government)
- Acquisition price by TSN for \$8.6m + earn-out²
- Financial performance¹
 - Revenue \$4.5m
 - Profit before tax \$1.5m
- Growth: 65% p.a. for 3 years

R&D

- Company is currently investing in R&D to develop proprietary products to enhance growth
- There are four products in the R&D pipeline – which are at various stages of development and commercialization
- Current R&D activities are being funded by internally generated cash flows

TSI India (25%)

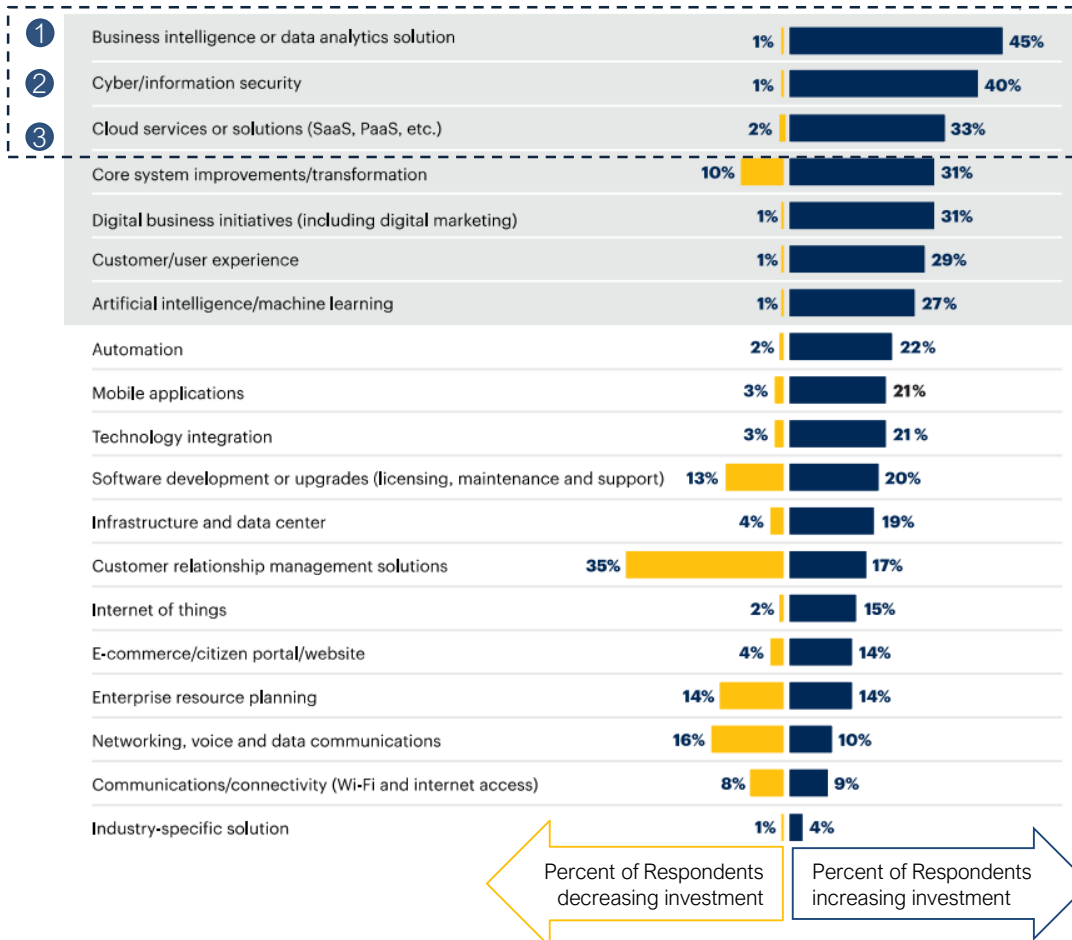
- Payment services in India
- Managing 14,000 ATMs for 35 top tier banks in India
- Independent valuation \$9.8m³
- Financial performance
 - EBITDA positive
 - Cash flow positive

Notes:

1. Net revenue and normalised profit before tax for 12 months ended 30 June 2019
2. \$8.6m in fixed cash payments (2 remaining payments totally \$2.6m) plus earnout payable over 4 year period based on formula of 2 x incremental profit above \$1.6m
3. Independent valuation conducted by Top 5 global accounting firm in May 2019 – value represents preferred value based on sum of the parts methodology

CLOUD & CYBERSECURITY: HIGH GROWTH AREAS IN IT

Cybersecurity and Cloud are amongst the Top 3 areas where enterprises are expected to increase IT spending in 2019...



Decipher Works

Cybersecurity Specialist in
Identity & Access Management



Cloud, Security & Data
Analytics Specialist

... and TSN is precisely positioned to capture this

Overview

- Specialist in Identity, Access, Governance & Federation
- Facilitates appropriate access into various enterprise IT systems to authorised users in order to enforce strong security
- Highly attractive market, growing at 8 – 10% pa
 - Expected to continue due to increasing threats, exposure, risk awareness and regulations
- Loyal client base of blue-chip financial institutions

Services



Cyber Security
Consulting



Integration Services



Managed Services
and Support



Identity Governance



Access
Management



Enterprise Security

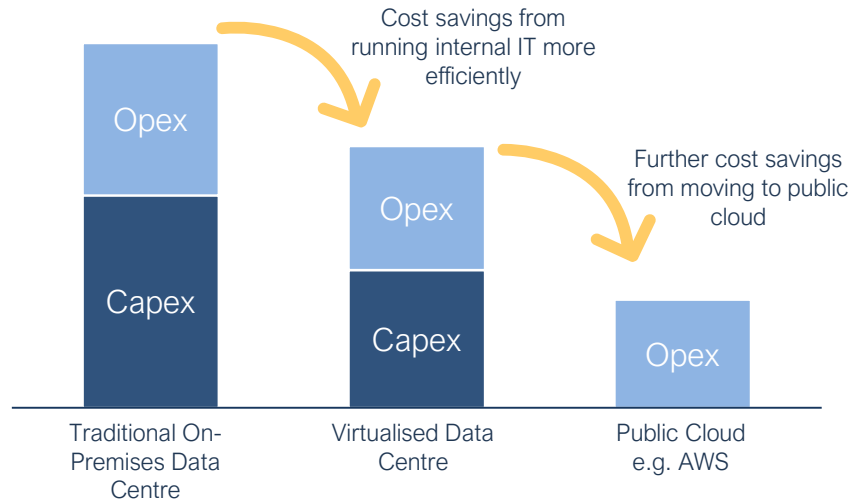
Clients¹



Notes:

1. Selected clients served in the last 12 months.

Cloud Infrastructure - Key Value Proposition



Cost savings due to:

- No upfront investment
- Economies of scale (200-300 data centres)
- Lower staff costs due to automation, efficiency and scale
- Lower operating costs (e.g. power, lease, etc)

Other benefits:

- Scalable and flexible – ability to scale up and down quickly in response to an enterprise's requirements
- Support for disaster recovery and high availability without the high associated costs

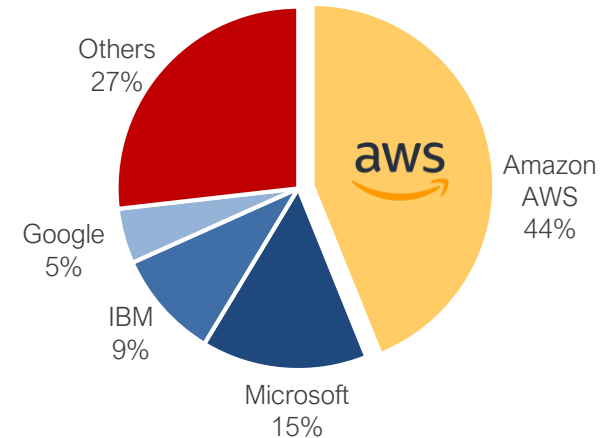
Who will move to the cloud?

- Almost all companies, in all industries

Notes:

1. Selected clients served in the last 12 months.

Market share of Cloud Infrastructure (IaaS)



Amazon Web Services (AWS) is the **Dominant Leader in Cloud Infrastructure** and **Amazon's main profit and growth contributor...**

- **Growth engine:** AWS grew at 54% p.a. in the last 5 years (compared to Amazon's overall growth of 24% p.a.)
- **Profit engine:** AWS's generated \$1.6b profit in Q2 2018 representing 55% of Amazon's profit; while its \$6.1b revenue contributes only 11.5% of Amazon's profit

Cloudten Clients¹





Overview

- Cloud and cloud security services provider
- Assists large enterprises and government agencies migrate to the cloud
- >100% y-on-y revenue growth over past three years
- Advanced consulting partner of Amazon Web Services (AWS), the dominant infrastructure-as-a-service provider globally
- Highly accredited by AWS, with specific competencies in Government and Security

Services



Cloud Migration



AWS Security &
Compliance



Elastic Managed
Cloud



Devops &
Automation



Custom Development
Alexa, Lambda & AI



AWS Optimisation

Cloudten's AWS Journey & Achievements

- 2015 Admitted as AWS Standard Consulting Partner
- 2016 Advanced Consulting Partner status
- 2017 Admitted into Public Sector Partner program
- 2018 The first and only Australian Consulting Partner to achieve Government Competency
- 2018 One of three Australian Consulting Partners to achieve Security Competency
- 2019 Under consideration for Premier Consulting Partner status and DevOps Competency

Partners



aws competency



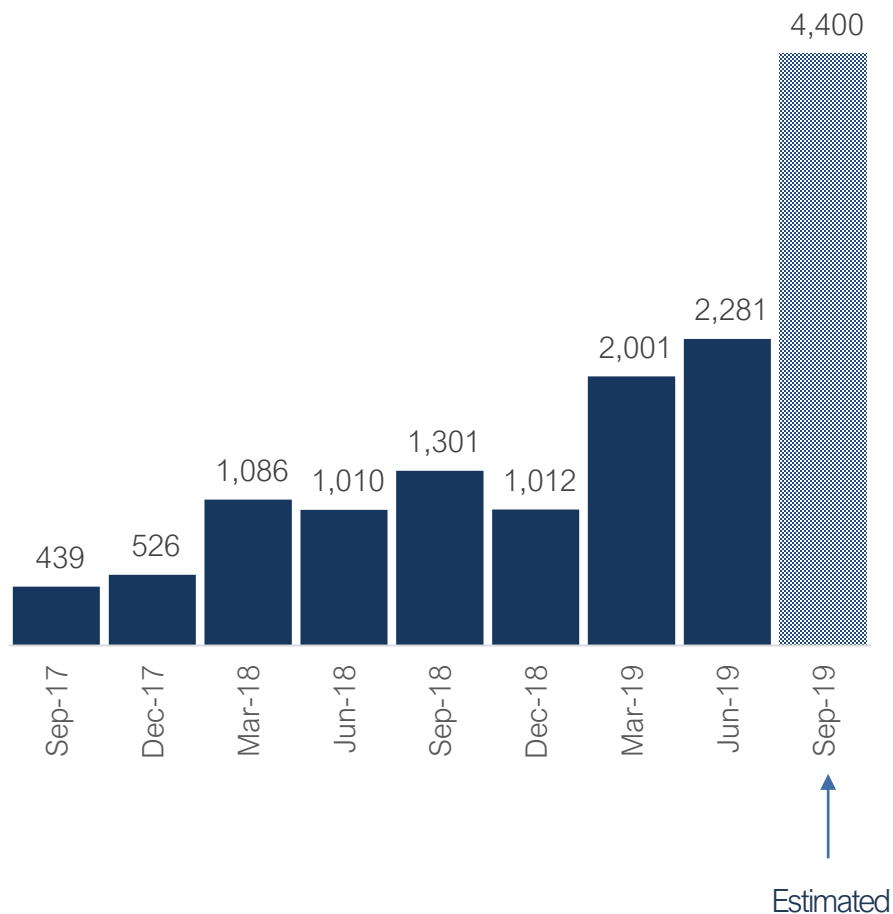
FORTINET



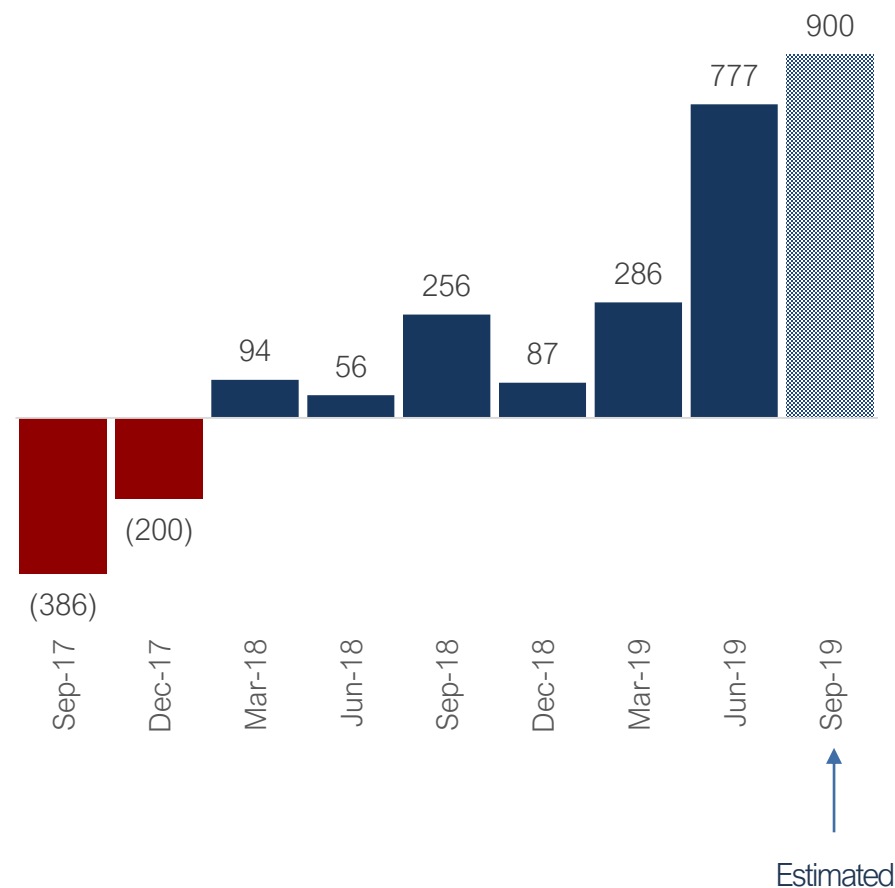
SOPHOS

GROWTH TRAJECTORY

Receipts from Customers (\$'000)



Operating Cash Flow (\$'000)



GROWTH STRATEGY

1

Deliver profitable organic growth

Through:

- Building deep expertise in identify access management and cloud security – one of Australia's leaders
- Focusing on repeat business with a few large financial institutions, utilities and government
- Growing new markets within Australia (Melbourne, Brisbane) and UK
- Potential synergies, including cross-selling to respective client base
- Building on strong historical growth – Cloudten 65% p.a. and DWX 25% p.a. for the last 3 years
- Maintaining historical net profit margin (before tax) – Cloudten 35% and DWX 25%

2

Develop new products to create new, recurring revenue stream

- R&D to build IP for new product offering (to bundle/complement service offering)
- Proof-of-concept and pilot testing for 3 new products

3

Complementary, value-accretive acquisitions

Evaluate opportunities to monetise investment in TSI India

4