



VORTIV LIMITED

ABN 98 057 335 672

NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 12:30 pm WST
DATE: Friday, 11 December 2020
PLACE: The Rokeby Room
BDO Australia
Ground Floor
38 Station Street
Subiaco WA 6008

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of Resolution 1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1 to the non-associated Shareholders.
The Independent Expert has determined that the transaction the subject of Resolution 1 is FAIR and REASONABLE.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of this Notice of Meeting. For shareholders that the Company has email addresses on records, the Company will send a copy of this Notice and material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To the other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material.

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9259 1592.

ASX takes no responsibility for the contents of this Notice of Extraordinary General Meeting.

CHAIRMAN'S LETTER TO SHAREHOLDERS

10 November 2020

Dear Fellow Shareholder

RECOMMENDED PROPOSAL TO SELL THE MAIN UNDERTAKING (CYBER SECURITY ASSETS) OF THE COMPANY AND RETURN OF CAPITAL TO SHAREHOLDERS

On behalf of the board of Directors (the Board) of Vortiv Limited (Vortiv or the Company), I am pleased to invite you to vote at an Extraordinary General Meeting of the Company.

Purpose of meeting

As announced to the market on 22 October 2020, the Company has entered into a conditional Share Sale Agreement (the Sale Agreement) for the sale of its cybersecurity assets, comprising Decipher Works Pty Ltd (DWX) and Cloudten Industries Pty Ltd (C10) (collectively, the Business or Main Undertaking) for cash consideration of A\$25 million, subject to customary net debt and working capital adjustments (the Proposed Transaction or Sale). The proposed buyer of the Business is CyberCX Pty Ltd (CyberCX), which is a consolidation of 15 separate cybersecurity businesses to form one of Australia's largest, privately owned cybersecurity companies.

The Board has convened this Extraordinary General Meeting, scheduled for Friday, 11 December 2020, to obtain the approval of Shareholders as required under ASX Listing Rule 11.2, for the sale of the Business to CyberCX. The Proposed Transaction has been structured by way of the sale of 100% of the shares in each of DWX and C10, both wholly owned subsidiaries of Vortiv for cash consideration of A\$25 million, subject to customary net debt and working capital adjustments. The key terms of the Sale Agreement are set out in Schedule 1 to the Explanatory Statement attached to this Notice of Meeting.

Background and rationale

The Board has unanimously approved the Sale Agreement taking into account:

- the attractiveness of the transaction multiples paid for the Business, compared to other comparable transactions in the cybersecurity industry;
- the offer represents a premium of over 34% to the value of the Business implied by Vortiv's share price immediately prior to the announcement of the Proposed Transaction, after adjusting for cash on hand (does not form part of the Proposed Transaction) and the carrying value of the Company's stake in TSI India (TSI);
- the certainty of cash consideration offered under the Proposed Transaction;
- the offer represents a premium of 43% above the mid-point valuation of the Business as determined by the Independent Expert;
- crystallisation of a 196% return on investment;
- the inherent difficulty experienced by the Company over the past 18 months in identifying suitable cybersecurity acquisition targets which focus on providing services to a predominately government and enterprise client base (the target market of the Business) and competing for these assets against industry consolidators, such as CyberCX, Tesserent Limited, Accenture and the 'Big 4' global accounting firms; and
- the opinion of the Independent Expert which has concluded the proposed transaction is fair and reasonable to Vortiv shareholders.

Intentions for Vortiv post Transaction

Vortiv to remain listed on ASX

Following completion of the Transaction, the Board intends Vortiv remains an ASX listed company, with its shareholding in TSI, then forming the main undertaking.

The Board has identified acquisition opportunities in the Australian technology sector that can complement the Company's exposure to ATM and associated payments technology which the Company has through its shareholding in TSI. These opportunities are currently at an early stage and may not ultimately progress to a transaction. A further update to shareholders will be provided at the appropriate time.

Where the Company proceeds with an acquisition which is either significantly larger in value than its shareholding in TSI India and/or in a different industry segment, ASX will invariably exercise its discretion under Listing Rule 11.1.3 to require the Company to re-comply with ASX's admission and quotation requirements. A further update to Shareholders will be provided at the appropriate time.

Return of capital

Subject to the outcome of an ATO Class ruling and obtaining Shareholder approval at a subsequent Shareholder meeting, the Board intends to distribute approximately \$20 million in net proceeds from the sale of the Business to Shareholders by way of a limit-based, equal access share Buyback (the Buyback). The balance of proceeds will be retained to:

- pay income tax on the profit on the sale of the Business, plus legal and advisory costs directly associated with the Proposed Transaction collectively totalling approximately \$3 million; and
- fund ongoing ASX listed compliance costs whilst seeking to expeditiously complete an acquisition in the Australian technology sector which can complement the Company's exposure to ATM and associated payments technology which it has through its shareholding in TSI.

Once complete, the Buyback will result in the return of proceeds, estimated to be by late January 2021 to those Shareholders who wish to participate in the Buyback. Further details are contained in Section 2.7 of the Explanatory Statement attached to this Notice of Meeting.

ATO class ruling

The Company has applied to the Australian Taxation Office for a Class Ruling (ATO Ruling) seeking confirmation of the tax treatment of the Buyback for Australian resident Shareholders who hold their Shares on capital account. Once the Company receives the ATO Ruling (expected December 2020), Vortiv intends to proceed to implement the Buyback.

Independent Expert

The Board has engaged international accounting firm, RSM as Independent Expert, to provide the Independent Expert's Report and determine whether the Proposed Transaction is fair and reasonable to the Shareholders.

The Independent Expert has determined that the Proposed Transaction is fair and reasonable, and that the advantages outweigh the disadvantages of the Proposed Transaction from the perspective of Shareholders.

Unanimous recommendation to vote in favour

The Board has unanimously concluded that the Proposed Transaction is in the best interests of all Shareholders and recommends that Shareholders VOTE IN FAVOUR of the resolution set out in the Notice of Meeting (**Resolution**), in the absence of a Superior Proposal. Each Director of the Company who is also a shareholder and who is not otherwise restricted from voting intends to vote all shares held or controlled by them in favour of the Resolution, in the absence of a Superior Proposal. Since the announcement of the Proposed Transaction, no Superior Proposal has emerged.

Next steps and voting

To assist with your consideration of the Proposed Transaction, we urge you to read the Notice of Meeting, Explanatory Memorandum and Independent Expert's Report carefully. In order for the Proposed Transaction to proceed, the Resolution needs to be approved by shareholders, which requires approval by 50% of Shareholders entitled to vote and who do vote on the Resolution.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting please do not hesitate to contact Phillip MacLeod, Company Secretary, on +61 8 9259 1592 or via email at pmacleod@gapcs.com.au.

Yours faithfully

Gary Foster

Chairman

IMPORTANT DATES¹

Event	Date ¹
Lodgement of Notice of Meeting with ASX	11 November 2020
Record date for voting at Extraordinary General Meeting of Shareholders	9 December 2020, 4PM (WST)
Deadline for lodgement of Proxy Forms for the EGM	9 December 2020, 12:30PM (WST)
Extraordinary General Meeting of Shareholders	11 December 2020, 12:30PM (WST)
Company announces the results of the Extraordinary General Meeting	11 December 2020
Proposed date of Completion ³	By 18 December 2020
Receipt of ATO Ruling	Estimated December 2020
Meeting to approve limit-based equal access share buyback ^{2,3}	Estimated January 2021
Share buyback and return of capital completed ^{2,3}	Estimated January 2021

Notes:

1 Dates are indicative only and subject to change.

2 Estimates only assuming receipt of the ATO Class Ruling by mid-December 2020.

3 Subject to the Resolution being passed at the Extraordinary General Meeting of Shareholders.

TIME AND PLACE OF MEETING AND HOW TO VOTE

DATE

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 12:30 pm (WST) on Friday, 11 December 2020.

VENUE

The Extraordinary General Meeting will be held at The Rokeby Room, BDO Australia, Ground Floor, 38 Station Street, Subiaco, Western Australia.

ENTITLEMENT TO ATTEND AND VOTE

You will be entitled to attend and vote at the Extraordinary General Meeting if you are registered as a Shareholder of the Company as at 4:00 pm (WST) on 9 December 2020. This is because, in accordance with the *Corporations Regulations 2001* (Cth), the Board has determined that the Shares on issue at that time will be taken, for the purposes of determining voting entitlements at the Extraordinary General Meeting, to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your Shareholding and your vote is important.

HOW TO VOTE

Voting in person

Shareholders who plan to attend the Extraordinary General Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Extraordinary General Meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

Corporate representatives

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Extraordinary General Meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's share registry, Advanced Share Registry at www.advancedshare.com.au.

Voting by proxy

A Shareholder who is entitled to attend and cast a vote at the Extraordinary General Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Extraordinary General Meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the Extraordinary General Meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received by the Company's share registry no later than 12:30 pm (WST) on **9 December 2020**, being 48 hours before the time of the Extraordinary General Meeting. Any proxy appointment received after that time will not be valid for the scheduled meeting.

Online at:	www.advancedshare.com.au/investor-login
By post to:	Advanced Share Registry Limited PO Box 1156 Nedlands WA 6909
By facsimile to:	+61 8 6370 4203
By email:	admin@advancedshare.com.au

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the accompanying proxy form.

Voting by attorney

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company's share registry at least 48 hours prior to the commencement of the Extraordinary General Meeting.

Chairman as proxy

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the Extraordinary General Meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution the Chairman intends to vote in favour of each proposed Resolution as proxy for that Shareholder on a poll.

If you do not want to put the Chairman in the position to cast your votes in favour of any of the proposed Resolutions, you should complete the appropriate box on the Proxy Form, directing your proxy to vote against, or to abstain from voting, on the Resolution.

Forward Looking Statements

Statements contained in this Notice and Explanatory Statement, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of the Company, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions.

Forward looking statements including all statements in this presentation regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of the Company. Actual results, performance, actions and developments of the Company may differ materially from those expressed or implied by the forward-looking statements in this document. Such forward-looking statements speak only as of the date of this document. There can be no assurance that actual outcomes will not differ materially from these statements.

To the maximum extent permitted by law, the Company and any of its affiliates and their directors, officers, employees, agents, associates and advisers: disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of the Company since the date of this document.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of the Shareholders of Vortiv Limited (Vortiv or the Company) will be held at 12:30 pm WST on Friday, 11 December 2020 at The Rokeby Room, BDO Australia, Ground Floor, 38 Station Street, Subiaco, Western Australia to consider and, if thought fit, to pass the Resolution set out below.

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Terms used in this Notice of Meeting and accompanying Explanatory Statement are defined in the glossary to this document. The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Extraordinary General Meeting.

BUSINESS

RESOLUTION 1: DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, pass the following resolution, with or without amendment, as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal of the Business, being the main undertaking of the Company, by way of the sale by the Company of all its shares in its subsidiaries, Decipher Works Pty Ltd (ACN 128 028 375) and Cloudten Industries Pty Ltd (ACN 601 905 104) to CyberCX Pty Ltd (ACN 629 363 328) on the terms and conditions set out in the Sale Agreement as further described in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by CyberCX, and any person who might obtain a material benefit if the Resolution is passed, except a benefit solely in the capacity of a holder of ordinary shares in the Company and any associate of any of those persons.

However, the Company need not disregard a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney on the proxy form; or
- the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction on the proxy form to vote as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should carefully consider the Independent Expert's Report prepared by RSM in respect of Resolution 1. The Independent Expert's Report provides a determination on the fairness and reasonableness of the transaction the subject of Resolution 1 to the Shareholders.

The Independent Expert has determined that the transaction is fair and reasonable to the Shareholders. This report is set out in Schedule 2 to the Explanatory Statement attached to this Notice.

Dated: 10 November 2020

BY ORDER OF THE BOARD

MR PHILLIP MACLEOD
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Extraordinary General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolution in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement and not otherwise defined, are defined in the glossary to the Notice.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of Meeting, please contact the Company Secretary, your stockbroker or other professional adviser.

The Explanatory Statement includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Extraordinary General Meeting - Business	
Section 1	Background
Section 2	Resolution 1: Disposal of Main Undertaking
Schedule 1	Key terms of Sale Agreement
Schedule 2	Independent Expert's Report

A proxy form is located at the end of this Explanatory Statement.

1. BACKGROUND

The Company announced on 22 October 2020, that it had entered into a conditional Share Sale Agreement (the Sale Agreement) for the sale of its cybersecurity assets, comprising Decipher Works Pty Ltd (DWX) and Cloudten Industries Pty Ltd (C10) (collectively, the Business or Main Undertaking) for cash consideration of A\$25 million, subject to customary net debt and working capital adjustments (the Proposed Transaction). The proposed buyer of the Business is CyberCX Pty Ltd (CyberCX), which is a consolidation of 15 separate cybersecurity businesses to form one of Australia's largest, privately owned cybersecurity companies.

Completion under the Sale Agreement is subject to a number of conditions, including:

- the Company obtaining approval from Shareholders to sell the main undertaking under Resolution 1;
- the Company obtaining change of control consents from certain customers with contracts that are material to the Business;
- retention of key management; and
- CyberCX obtaining approval to undertake the acquisition under the Foreign Acquisitions and Takeovers Act 1975 (Cth).

For further details of the terms and conditions of the Sale Agreement, please refer to the summary set out in Schedule 1 to this Explanatory Statement.

The price of \$25 million in cash consideration offered for the Business provides value certainty to Shareholders, representing an attractive premium to multiples observed on the sale of comparable companies in the cybersecurity industry which are typically completed at an EBITDA multiple of between 6x – 7x EBITDA.

The price also represents a premium of over 34% to Vortiv's share price immediately prior to the announcement of the Proposed Transaction, after adjusting for cash on hand (not part of the Proposed Transaction) and the carrying value of the Company's stake in TSI India included in the accounts of the Company. Further analysis is contained in the IER.

The sale of the Business will see Vortiv exit the highly fragmented, but fast consolidating, cyber security sector. The industry dynamics have changed significantly over the past twelve months with over 20 acquisitions completed between CyberCX and Tesserent Limited alone. Further acquisitions of cyber security businesses have been undertaken by multinational companies, including Cognizant and the 'Big 4' accounting firms. This backdrop has made it increasingly difficult for the Company to identify, attract and complete transactions with a shrinking number of quality cybersecurity businesses which focus on providing cyber related services to enterprise and government clients (the target market of the Business).

The Company considered alternative transaction structures to implement the Proposed Transaction, including a Scheme of Arrangement. However, no such transaction eventuated.

2. RESOLUTION 1: DISPOSAL OF MAIN UNDERTAKING

2.1 General

This Notice of Meeting has been prepared to seek shareholder approval for the matters required to for the Company to dispose of its main undertaking, being its interest in DWX and C10 for the purposes of ASX Listing Rule 11.2.

2.2 Listing Rule 11.2

The Company is proposing to dispose of its interest in wholly owned subsidiaries DWX and C10 to CyberCX for \$25 million in cash consideration, subject to customary net debt and working capital adjustments, pursuant to the Proposed Transaction. A summary of the Sale Agreement is set out in Schedule 1 to this Explanatory Statement.

ASX Listing Rule 11.2 provides that an entity must obtain the approval of its shareholders for a disposal of its main undertaking. The Proposed Transaction is a disposal of the entity's main undertaking for these purposes.

Resolution 1 seeks the required Shareholder approval of the Proposed Transaction under and for the purposes of ASX Listing Rule 11.2.

If Resolution 1 is passed, the Company will be able to proceed with and complete the Proposed Transaction, subject to satisfaction (or waiver) of conditions precedent and after taking customary purchase price adjustments for net cash and working capital movements into account. In summary, the following events will take place:

- the Company will receive \$25 million in cash at Completion, subject to customary net debt and working capital adjustments;
- the Company will pay approximately \$2.5 million in income tax on the Proposed Transaction; and
- in addition, legal and advisory costs associated with the Proposed Transaction of \$0.7 million will be paid.

This will leave a net amount of approximately, \$22 million in proceeds from the Proposed Transaction, the vast majority of which is contemplated to be returned to Shareholders in the form of a limit-based, equal access share buyback. Shareholders will vote on the Buyback at a separate meeting once a Class Ruling is received from the ATO (expected December 2020). Please refer to Section 2.7 of this Explanatory Statement for further information in relation to the Buyback.

If Resolution 1 is not passed:

- the Company will not be able to proceed with the Proposed Transaction and will continue to own 100% of the issued capital of DWX and C10;
 - the Company will continue to operate and grow the Business, including seeking acquisition
-

targets, noting the strong competition currently evident for such assets;

- in completing such acquisitions, the Company will be required to raise additional debt or equity funds to complete acquisitions; and
- it is unlikely that any return of capital or payment of dividends would be contemplated by the Board in the short or medium term.

2.3 Indicative Timetable

Subject to the requirements of the ASX Listing Rules and the Corporations Act, the Company anticipates completion of the Proposed Transaction will be in accordance with the timetable set out in the Section titled 'Important Dates' in this Notice of Meeting.

2.4 Impact of the Proposed Transaction on the Company

Financial position

A pro-forma balance sheet has been prepared based on the Company's 31 March 2020 audited balance sheet and based on the following assumptions:

- removal of Net Assets associated with the Business of \$1.2 million, including goodwill of \$10.9 million;
- removal of amounts owed to Cloudten vendors as these have now been settled;
- removal of convertible notes which have now been repaid;
- the inclusion of proceeds of \$25 million from the Proposed Transaction adjusted for legal and transaction costs directly associated with the sale of the Business, totalling approximately \$0.7 million; and
- estimated income tax liability of \$2.5 million, arising from the gain on sale of the Business.

	31 March 2020 (Audited) \$000	Notes	31 March 2020 (post Sale) (Pro-forma) \$000
ASSETS			
Current Assets			
Cash and cash equivalents	1,054	1, 2	22,854
Trade & other receivables	2,068		15
Contract assets	217		-
Prepayments	94		48
Total current assets	3,433		22,917
Non-current assets			
Carrying value – TSI India	5,530		5,530
Deferred tax asset	1,264		-
Plant & Equipment	109		1
Right of use asset	57		-
Goodwill	10,945		-
Total non-current assets	17,905		5,531
Total Assets	21,338		28,448
LIABILITIES			
Current liabilities			
Payable to C10 vendors	27		-
Trade and other payables	1,606		207
Contract liabilities	581		-
Lease liabilities	56		-
Convertible note	737		-
Total current liabilities	3,007		207
Non-Current liabilities			
Payable to C10 vendors	646		-

Provisions	143	-
Total non-current liabilities	789	-
Total Liabilities	3,796	207
NET ASSETS	17,542	28,241

Notes:

- 1 Cash and cash equivalents figure is as at 31 March 2020 and does not take into account any changes since that date.
- 2 Cash balance adjusted for estimated tax liability of \$2.5 million to be paid on the gain on sale of the Business, plus a further \$0.7 million in legal and transaction costs.

The Proposed Transaction itself will:

- not have any impact on the capital structure of the Company;
- not result in any changes to the Company's board of directors or senior management; and
- not result in the Company needing to borrow funds or raise capital in the short term.

Financial performance

The Business represents 99% of consolidated revenue of Vortiv, with the balance earned by Vortiv, from interest income on cash. Vortiv does not consolidate the results of TSI India, given it owns a 24.9% interest in that entity. TSI India has not historically declared dividends, with cash generated, reinvested in the business as well as being used to service existing debt facilities. Following conclusion of the Transaction, Vortiv will not earn revenue from the Business, nor incur costs associated with the Business. Notwithstanding that the Company expects its expenses following completion of the Proposed Transaction and the Buyback to be limited to corporate overhead costs and costs associated with the pursuit of new acquisition opportunities, the Company does not expect to make a net profit before tax until a new acquisition is made.

2.5 Independent Expert's Report

In assisting the Board in its deliberations of the Proposed Transaction and to ensure Shareholders receive the necessary information to make an informed decision when voting on the Resolution, the Board has engaged RSM to prepare the Independent Expert's Report.

The Independent Expert's Report provides a determination on whether the Proposed Transaction outlined in Resolution 1 is fair and reasonable to the Shareholders. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the Proposed Transaction, which is designed to assist Shareholders in making an informed decision in relation to Resolution 1 contained in this Notice of Meeting.

The Independent Expert has determined that the Proposed Transaction is FAIR and REASONABLE to Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

A full copy of the Independent Expert's Report is enclosed with this Notice of Meeting as Schedule 2 to this Explanatory Statement.

2.6 Advantages and disadvantages of the Proposed Transaction

Advantages

The Board is of the opinion that the following non-exhaustive list of advantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Proposed Transaction:

- the 2.2x FY20 revenue multiple and 10.0x FY20 EBITDA multiple represents an attractive valuation as compared to other comparable transactions in the cybersecurity industry;
- the offer provides for a significant premium of over 34% to Vortiv's share price immediately prior

to the announcement of the Proposed Transaction, after adjusting for cash on hand (does not form part of the Proposed Transaction) and the carrying value of the Company's investment in TSI;

- the proposed all cash consideration under the Proposed Transaction provides the Shareholders certainty of a cash return on their investment;
- the crystallisation of a 196% return on investment;
- the offer price represents a 43% premium to the mid-point valuation ascribed to the Business by the Independent Expert;
- it allows the shareholders to continue to participate in the potential upside in value that can be achieved through the Company's shareholding in TSI, which is currently valued at the bottom-end of the independent value range, being \$5.5 million; and
- the proceeds left in the Company, after the Buyback and payment of Income Tax, provides balance sheet flexibility to seek new investment opportunities in the Australian technology sector which can complement Vortiv's investment in TSI.

Disadvantages

The Board is of the opinion that the following non-exhaustive list of disadvantages of the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on the Proposed Transaction:

- the sale of the Business may result in the Company not being able to generate sufficient revenue and cash flows to provide Shareholders with a desired return whilst the Company seeks new investment opportunities in the Australian technology sector as outlined in this Explanatory Statement;
- you may not agree with the recommendation by the Directors and the Independent Expert. Notwithstanding the unanimous recommendation of the Directors and the Independent Expert's opinion that the Proposed Transaction is fair and reasonable, you may believe that the Proposed Transaction is not fair and/or not reasonable, or otherwise not in your best interest or in the best interests of Shareholders as a whole;
- you may prefer to participate in the future financial performance of the Business;
- you may wish to maintain an interest in a publicly listed investment with the specific characteristics provided by the Business, exposure to the Australian cybersecurity industry and maintain your investment profile;
- the liquidity in the trading of Vortiv shares may decrease following completion of the Transaction;
- you may consider that there is potential for a Superior Proposal for the Business to be made in the foreseeable future; and
- the tax consequences of the Proposed Transaction may not suit your financial position.

2.7 Future activities and direction post-Proposed Transaction

Changes to business model

Following completion of the Proposed Transaction, the Board intends for the Company to remain an ASX listed company and will continue to assess and identify projects or assets in the Australian technology sector that the Board considers will have the potential to add value to Shareholders. Upon completion of the Proposed Transaction, the Company will have exited the highly fragmented, but fast consolidating, cyber security sector and will no longer operate a business in the cyber security or cloud security sectors. Instead, the Company will continue to hold a non-controlling interest in TSI, a business network of operating bank automated teller machines and bill payment system in India. In addition, the Company intends to use retained funds to pursue new acquisition opportunities and has identified a number of additional, attractive acquisition opportunities in the Australian technology sector that could complement the Company's investment in TSI.

Buyback

After the conclusion of the Proposed Transaction, and subject to obtaining Shareholder approval at a subsequent Shareholder meeting, Vortiv intends to return to Shareholders, approximately \$20 million in capital by late January 2021, subject to the timing of receipt of the ATO Ruling as discussed below. Subject to the Board determining that the structure is in the best interests of Shareholders following the receipt of the ATO Ruling, the Board intends to effect this return by way of a limit-based equal access share buyback.

Under the Buyback, the Company will set a maximum amount of Shares to be bought back (Limit) at a specified price per share. This provides an overall cap which will be available to be returned to Shareholders. Subject to no adverse tax advice, the Board has set this cap at \$20 million. The price per share under the Buyback will be set with reference to the Company's share price immediately prior to the initiation of the Buyback process.

Shareholders will be able to tender as many or as little Shares as they choose to be bought back by the Company, up to their full holding. At the conclusion of the Buyback offer period, all buyback requests will be tallied. Where there is an undersubscription (i.e. less Shares tendered for sale by Shareholders than the Limit set by the Company), then all shares tendered will be bought back by the Company and such Shares subsequently cancelled.

Where there is oversubscription (i.e. more Shares tendered for sale by Shareholders than the Limit set by the Company), then all offers to sell Shares will be proportionately scaled back. All Shares bought back by the Company will be subsequently cancelled.

This mechanism provides Shareholders with a choice to stay invested in the Company, retaining additional funds to pursue new acquisition opportunities. In this regard, the Board, following its success in identifying the Business as a high growth technology company and securing strong investment returns on its sale (if approved by Shareholders), has identified a number of additional, attractive acquisition opportunities in the Australian technology sector which can complement the Company's investment in TSI.

Further information will be provided to Shareholders at the appropriate time.

ATO Ruling

The Company has applied to the ATO for a Class Ruling seeking confirmation of the tax treatment of the Buyback for Australian resident Shareholders who hold their Shares on capital account. This would include consideration of whether the ATO will make a determination to deem part of the Buyback to be an unfranked dividend. The Class Ruling is expected to be issued at some time in December 2020.

If the Class Ruling is not issued by the ATO in the form expected, the Company will obtain further financial and legal advice, and undertake further financial analysis to determine a tax effective alternative to the Buyback for Shareholders. The Company will provide Shareholders with updates in this regard as and when they become available.

Future acquisitions – Listing Rule 11.1.3

ASX Listing Rule 11.1.3 provides that, where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, ASX may require the entity to meet the requirements in chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list.

Where the Company proceeds with an acquisition which is either significantly larger in value than its shareholding in TSI and/or in a substantially different industry segment, ASX will invariably exercise its discretion under Listing Rule 11.1.3 to require the Company to re-comply with ASX's admission and quotation requirements. This would involve the issuance of a new Prospectus for the consideration of Shareholders and new potential investors at that time.

2.8 Other information

Proceeds from Transaction

The purchase price to be received by the Company for the Proposed Transaction is \$25 million, subject to customary net debt and working capital adjustments, of which \$200,000 will be subject to retention, pending finalisation of the Completion Statement, expected to be settled between the parties shortly after Completion.

As a result of the Proposed Transaction, and after taking customary purchase price adjustments into account, net proceeds of approximately \$22 million will be evident. This is after accounting for approximately \$2.5 million in income tax payable on the gain from the sale of the Business, plus legal and advisory costs directly associated with the Proposed Transaction, estimated at a further \$0.7 million.

The Board intends to return up to approximately \$20 million in the form of a Buyback as discussed further in Section 2.7 above.

Tax implications

The Proposed Transaction will give rise to a capital gains tax event which is expected to result in a capital gain to the Company and result in estimated income tax payable on the Proposed Transaction of circa \$2.5 million.

2.9 Directors' recommendations and interests

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors have a relevant interest (held directly and indirectly) in the securities of the Company as set out in the following table:

Director	Shares	Options
Mr Gary Foster	8,141,940 ¹	200,000 ²
Mr Jeffrey Lai	497,059 ³	73,530 ⁴
Mr Howard Digby	147,059 ⁵	273,530 ⁶

Notes:

- 1 Comprising of 8,133,518 Shares held by Bretnall Custodians Pty Ltd, 5 Shares held by Gary Foster and 8,417 Shares held by Gary and Lisa Foster.
- 2 Comprising of 200,000 Options held by Bretnall Custodians Pty Ltd.
- 3 Comprising of 497,059 Shares held by Polaris Equity Pty Ltd.
- 4 Comprising of 73,350 Options held by Polaris Equity Pty Ltd.
- 5 Comprising of 147,059 Shares held by Pokfulam Nominees Pty Ltd.
- 6 Comprising of 73,530 Options held by Pokfulam Nominees Pty Ltd, 50,000 Options held by Howard Digby and 150,000 Options held by Lamma Nominees Pty Ltd.

The Directors have approved the proposal to put Resolution 1 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal above, each Independent Director intends to vote all of their Shares in favour of Resolution 1. Based on the information available, the Independent Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a Superior Proposal.

The Chairman of the Extraordinary General Meeting of Shareholders intends to vote undirected proxies in favour of Resolution 1.

GLOSSARY

Term	Meaning
\$	Australian dollars
ASX	Australian Securities Exchange
ATO	Australian Tax Office
Board	The board of Directors of the Company
Business or Main Undertaking	The cybersecurity business conducted through the Company's wholly owned subsidiaries, DWX and C10
Buyback	A proposed limit-based equal access buyback to occur after the sale of the Business, subject to obtaining Shareholder approval at a subsequent Shareholder meeting, and receipt of a Class Ruling from the ATO
Chairman	The chairman of the Extraordinary General Meeting
Class Ruling	A class ruling issued by the ATO in relation to the Australian income tax implications for Shareholders resulting from the proposed Buyback
C10 or Cloudten	Cloudten Industries Pty Ltd (ACN 601 905 104)
Company	Vortiv Limited (ACN 057 335 672)
Company Secretary	The company secretary of the Company
Completion	Completion of the Proposed Transaction in accordance with the Sale Agreement
Constitution	The constitution of the Company
Corporations Act	The <i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of that act
CyberCX	CyberCX Pty Ltd (ACN629 363 328), the proposed buyer of the Business
Directors	The directors of the Company
DWX or Decipher Works	Decipher Works Pty Ltd (ACN 128 028 375)
Explanatory Statement	The explanatory statement accompanying the Notice of Meeting
Extraordinary General Meeting of Shareholders or EGM	The Extraordinary General Meeting of Shareholders to be held on 11 December 2020
Independent Expert	RSM Corporate Australia Pty Ltd
Independent Expert's Report or IER	The independent expert's report prepared by the Independent Expert dated 10 November 2020, set out in Schedule 2
Notice of Meeting or Notice	The notice of the EGM accompanying the Explanatory Statement for the EGM
Proxy Form	The proxy form accompanying this booklet
Proposed Transaction	Has the meaning given to that term in Section 1 of the Explanatory Statement
Resolution	A resolution contained in the Notice of Meeting

Term	Meaning
Shareholders	The holders of Shares in the Company
Shares	The ordinary shares of the Company
Sale Agreement	The Sale and Purchase Agreement entered into between the Company as seller and CyberCX Pty Ltd as buyer, dated 19 October 2020
Superior Proposal	A bona fide competing proposal which the Board considers (after taking legal and financial advice) would result in a more favourable outcome for Shareholders than the Proposed Transaction and is one that is reasonably capable of being completed
TSI India or TSI	Transaction Solutions International (India) Private Limited
WST	Western Standard Time

SCHEDULE 1 – SUMMARY OF KEY TERMS AND CONDITIONS OF SALE AGREEMENT

KEY TERM	SUMMARY
Parties	Vortiv Limited ACN 057 335 672 (Seller) CyberCX Pty Ltd ACN 629 363 328 (Buyer) Cloudten Industries Pty Ltd ACN 601 905 104 (Cloudten) Decipher Works Pty Ltd ACN 128 028 375 (Decipher Works) (Cloudten and Decipher Works are each a Group Company and collectively, the Group Companies)
Purchase Price	A\$25,000,000 with customary adjustments for working capital and net debt
Conditions precedent	<p>(1. FIRB Approval) the Treasurer of the Commonwealth of Australia has either:</p> <p>(i) provided written notice that there is no objection under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) to the proposed acquisition by the Buyer of the issued share capital of the Group Companies (the Shares), with the notice of no objection being either unconditional or subject only to:</p> <p>A. the taxation conditions as acceptable to the Buyer; or</p> <p>B. other conditions which are acceptable to the Buyer; or</p> <p>(ii) become precluded from exercising any power to make an order under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) in relation to the proposed acquisition by the Buyer of the Shares.</p> <p>(2. Shareholder Approval) the Seller obtaining the shareholder approvals required for the transactions contemplated by the sale agreement (the Sale), including the approval by its shareholders of the Sale (the Resolutions).</p> <p>(3. Lease) the Buyer receiving a copy of the deed or agreement under which the counterparty to the lease that relates to each Group Company's premises (the Lease) has agreed to the novation or assignment of the Lease to a Group Company with effect from completion of the sale (Completion), either unconditionally or substantially on the same terms as the existing terms of the Lease or on terms that are acceptable to the Buyer (acting reasonably).</p> <p>(4. Consents) the Buyer receiving a copy of each consent required under each material contract to the Sale and the change of control of the relevant Group Company resulting from that Sale, each of which is unconditional or subject only to conditions acceptable to the Buyer (acting reasonably).</p> <p>(5. Executive employment agreements) employment arrangements in respect of Stefan Halvarsson, Michael Leonard and Richard Tomkinson have not been terminated or amended without the consent of the Buyer.</p> <p>(6. No Material Adverse Change) no material adverse change having occurred in respect of either or both of the Group Companies or their business following the date of the agreement.</p>
Exclusivity	No shop and no talk During the period commencing on the date of the agreement and ending on the date of termination of the agreement (the Exclusivity Period), the Seller must not, and must ensure that each of its related entities do not, directly or indirectly:

KEY TERM	SUMMARY
	<p>(i) no shop: solicit, invite, encourage or initiate (including by the provision of non-public information to any third party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of a “competing proposal” or communicate to any person an intention to do anything referred to in this clause; or</p> <p>(ii) no talk: subject to customary carve-outs for fiduciary exceptions and the making of presentations in the ordinary course of business or promoting the merits of the Sale:</p> <p>A. participate in any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, a “competing proposal” or participate in or continue any negotiations or discussions with respect to any “competing proposal”;</p> <p>B. negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding a “competing proposal”; or</p> <p>C. disclose or otherwise provide any material non-public information about the business or affairs of the Group Companies to a third party with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, a “competing proposal” (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Group Companies).</p> <p>Notification of approaches</p> <p>During the Exclusivity Period, the Seller must notify the Buyer as soon as practicable in writing if it or any of its related entities becomes aware of any:</p> <p>(i) proposal made to the Seller or any of its related entities, in connection with any bona fide “competing proposal”; or</p> <p>(ii) provision by the Seller or any of its related entities of any non-public information concerning the business or operations of the Seller or the Group Companies to any third party in connection with any bona fide “competing Proposal”,</p> <p>whether direct or indirect, solicited or unsolicited, or in writing or otherwise.</p> <p>Matching right</p> <p>During the Exclusivity Period, the Seller:</p> <p>(i) must not, and must procure that each of its related entities do not, enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party, the Seller or any related entities of the Seller proposes or propose to undertake or give effect to a “competing proposal”; and</p> <p>(ii) must use its best endeavours to procure that the board of directors of the Seller (the Seller Board) does not publicly recommend a “competing proposal”,</p> <p>unless:</p> <p>(iii) the Seller Board, acting in good faith and in order to satisfy their statutory or fiduciary duties (having regard to written advice from its external financial</p>

KEY TERM	SUMMARY
	<p>and legal advisers) determines that the “competing proposal” is or is likely to become a Superior Proposal;</p> <p>(iv) the Seller has provided the Buyer with all the material terms and conditions of the “competing proposal”, including price and the identity of the third party making the “competing proposal”;</p> <p>(v) the Seller has given the Buyer at least 5 business days after the date of the provision of the information referred to in clause (iv) above to provide a matching or superior proposal to the terms of the “competing proposal”; and</p> <p>(vi) the Buyer has not announced a matching or superior proposal to the terms of the “competing proposal” by the expiry of the 5 business day period in clause (v) above.</p> <p>If the Buyer announces or proposes to the Seller amendments to the Sale that constitute a matching or superior proposal (Buyer Counterproposal) within the 5 business day period described in clause (v) above, then:</p> <p>(i) the Seller must procure that the Seller Board considers the Buyer Counterproposal in good faith; and</p> <p>(ii) if the Seller Board, acting reasonably, determines that the Buyer Counterproposal would provide an equivalent or superior outcome for the Seller’s shareholders (Vortiv Shareholders) as a whole compared with the “competing proposal”, taking into account all of the terms and conditions of the Buyer Counterproposal and the “competing proposal”, then:</p> <p>A. the Buyer and the Seller must use their best endeavours to agree the amendments to the agreement that are reasonably necessary to reflect the Buyer Counterproposal as soon as reasonably practicable;</p> <p>B. the Buyer and the Seller must implement the Buyer Counterproposal in accordance with the agreement (as amended) and subject to the Vortiv Shareholders approving (where required) the Buyer Counterproposal; and</p> <p>C. the Seller must procure that each of the Seller Board continues to recommend the Sale (as amended by the Buyer Counterproposal) to Vortiv Shareholders.</p> <p>A public announcement by the Seller or the Seller Board that a “competing proposal” is under consideration, or that the process described in this clause is being undertaken, does not in itself constitute a recommendation of that “competing proposal” or a change or withdrawal of its recommendation of the Sale.</p>
Reimbursement fee	<p>The Seller has agreed to pay the Buyer a reimbursement fee of \$250,000 if:</p> <p>(i) during the Exclusivity Period, one or more of the Seller Board either:</p> <p>A. recommends that Vortiv Shareholders accept or vote in favour of, or otherwise publicly supports or endorses (including support by way of publicly stating an intention to accept or vote, in respect of any Vortiv Shares held by or on their behalf) a “competing proposal” which is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period; or</p> <p>B. withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Sale or their recommendation that Vortiv Shareholders vote in favour of the Vortiv Shareholder Resolutions or fails</p>

KEY TERM	SUMMARY
	<p>to recommend that Vortiv Shareholders vote in favour of the Sale or the Resolutions; or</p> <p>(ii) a “competing proposal” is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, a third party completes the “competing proposal”;</p> <p>(iii) the agreement is terminated by the Buyer due to a failure to satisfy condition 5 or condition 7;</p> <p>(iv) the agreement is terminated by the Buyer as a result of the Seller materially breaching or materially failing to comply with its obligations under the agreement; or</p> <p>(v) the agreement is terminated by the Buyer as a result of an insolvency event occurring in respect of the Seller.</p> <p>If applicable, the reimbursement fee must be paid without deduction or set-off and within 5 business days after receiving a written demand for payment from the Buyer where the Buyer is entitled to the reimbursement fee under the agreement.</p>
Restraint	<p>Non-competition</p> <p>In effect, the Seller has agreed to not (and to procure that each entity that it controls does not), either directly or indirectly:</p> <p>(i) engage in any business that materially competes with or materially engages in activities that are the same as or similar to a Group Company; or</p> <p>(ii) procure or otherwise assist any person to do anything contemplated under clause (i) above.</p> <p>Non-solicitation</p> <p>In effect, the Seller has agreed to not (and to procure that each entity that it controls does not):</p> <p>(i) induce or encourage a client to cease doing business with, or reduce the amount of business it would otherwise do with the Group Companies;</p> <p>(ii) induce or encourage a person or entity which:</p> <p>A. is materially or substantially in the business of providing cyber security, cloud security or identity access management services to customers; and</p> <p>B. a Group Company has identified or is in discussions with as a potential acquisition target or joint-venture of a Group Company as at the date of completion of the sale,</p> <p>to cease or reduce their commercial involvement with the Group Companies;</p> <p>(iii) induce or encourage an employee of a Group Company to cease employment with that Group Company;</p> <p>(iv) attempt to do any of the things listed above; or</p> <p>(v) procure or assist any person to do any of the things listed above.</p> <p>The restraint applies in various jurisdiction and lasts for a period of up to 3 years.</p>
Warranties	<p>The Seller has agreed to a package of warranties and indemnities, with associated limitation of liability provisions that reflect a transaction of this nature.</p>

SCHEDULE 2 – INDEPENDENT EXPERT’S REPORT



VORTIV LIMITED

Financial Services Guide and Independent Expert's Report

10 November 2020

We have concluded that the Proposed Transaction is fair and reasonable

FINANCIAL SERVICES GUIDE

10 November 2020

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

CONTENTS

1.	Introduction	5
2.	Summary and conclusion.....	6
3.	Summary of Proposed Transaction.....	9
4.	Scope of the Report	10
5.	Profile of Vortiv Limited	11
6.	Profile of Decipher Works Pty Ltd	21
7.	Profile of Cloudten Industries Pty Ltd.....	25
8.	Profile of CyberCX Pty Ltd	29
9.	Valuation approach	30
10.	Valuation of DWX and Cloudten	33
11.	Valuation of Consideration	42
12.	Is the Proposed Transaction Fair?	43
13.	Is the Proposed Transaction Reasonable?	44

TABLE OF APPENDICES

A.	Declarations and Disclaimers.....	47
B.	Sources of Information.....	48
C.	Glossary of Terms.....	49
D.	Industry Overview	51
E.	Comparable Companies	54

RSM Corporate Australia Pty Ltd

Level 32, Exchange Tower,
2 The Esplanade Perth WA 6000
GPO Box R 1253 Perth WA 6844
T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9199

www.rsm.com.au

10 November 2020

The Directors
Vortiv Limited
16 Gympie Way
Willetton WA 6155

Dear Directors

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared at the request of the Directors of Vortiv Limited ("VOR" or "the Company") in relation to the proposed disposal of its subsidiaries Decipher Works Pty Ltd ("DWX") and Cloudten Industries Pty Ltd ("Cloudten").
- 1.2 On 22 October 2020, the Company announced that it had executed a conditional share sale agreement with CyberCX Pty Ltd ("CyberCX") with total cash consideration of \$25 million offered for 100% of the issued share capital of DWX and Cloudten on a cash-free, debt-free basis ("the Proposed Transaction").
- 1.3 Whilst there is no regulatory requirement to provide an IER to shareholders of VOR, the Directors have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders of VOR ("Shareholders").
- 1.4 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.
- 1.5 The Company also announced that it intends to return up to \$20 million of the consideration to Shareholders in the form of an equal access share buyback ("Buyback"). The Buyback price will be set with reference to the share price at that time, with Shareholders able to tender as many or as few shares as they choose, up to their full holding. Further details on the proposed Buyback are contained in the Notice of Meeting.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

2. Summary and conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 12 and 13 of this Report, the Proposed Transaction is fair and reasonable to the Shareholders of VOR.

Approach

- 2.2 In determining whether the Proposed Transaction is “fair” and “reasonable” we have given regard to the views expressed in ASIC Regulatory Guide 111 – Content of Expert Reports (“RG 111”). While RG 111 does not define “fair and reasonable” it does provide some guidance as to how the terms should be interpreted in a range of circumstances.
- 2.3 In the specific circumstances of the Proposed Transaction, where a cash offer has been made for the core businesses of VOR but no change to control of the Company will occur, we consider the guidance in relation to related party transactions to be relevant, stating:
- An offer is considered “fair” if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity; and
 - An offer is considered “reasonable” if it is fair or, where the offer is “not fair”, it may still be “reasonable” if the expert believes that there are sufficient reasons for security holders to approve the transaction.
- 2.4 Consistent with the guidance set out in RG 111, in assessing whether or not we consider the Proposed Transaction to be fair and reasonable to VOR Shareholders, we have considered whether the Proposed Transaction is “fair” by assessing and comparing:
- The Fair Market Value of DWX and Cloudten; with
 - The Fair Market Value of the Consideration.
- 2.5 We have considered whether the Proposed Transaction is “reasonable” to VOR Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction:
- The rationale of the Proposed Transaction and its advantages and disadvantages to VOR Shareholders;
 - Other significant factors which VOR Shareholders might consider prior to approving the Proposed Transaction; and
 - Alternatives to the Proposed Transaction.
- 2.6 Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair” and “reasonable” is set out at Section 4 of this Report.

Fairness

2.7 In assessing whether the Proposed Transaction is fair, we have compared the aggregated Fair Market Value of DWX and Cloudten with the Fair Market Value of the Consideration.

2.8 Our assessment is summarised in the table and figure below.

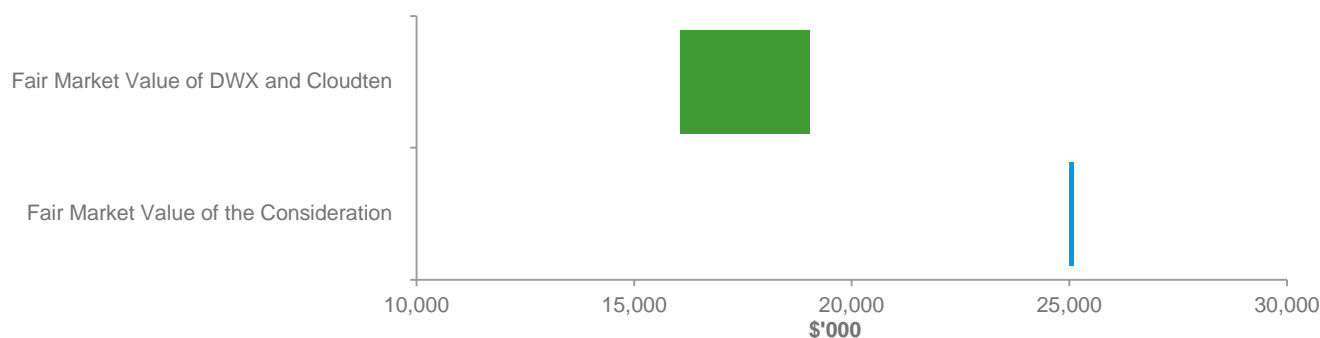
Table 1 Assessment of fairness

Assessment of Fairness				
\$'000	Ref	Low	High	Midpoint
Assessed Fair Market Value of DWX and Cloudten	Section 10	16,055	19,019	17,537
Assessed Fair Market Value of consideration	Section 11	25,000	25,000	25,000

Source: RSM analysis

2.9 We have summarised the values included in the table above in the chart below.

Figure 1 Fairness graphical representation



Source: RSM analysis

2.10 The chart above indicates that the Fair Market Value of the Consideration is above the assessed range of the Fair Market Value of DWX and Cloudten.

2.11 We note that the Offer Consideration of \$25 million represents an implied EBITDA multiple of 10.1 times which is higher than our assessed multiple range derived from comparable trading multiples at the date of this Report of 6.5 to 7.7 times and higher than historic transactions in the Australian market for cybersecurity businesses which have averaged around 6.6 times.

2.12 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, we consider the Proposed Transaction to be **fair** to VOR Shareholders.

Reasonableness

2.13 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.

2.14 As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of VOR if the Proposed Transaction does not proceed;
- The rationale for the Proposed Transaction;
- The advantages and disadvantages of the Proposed Transaction to VOR Shareholders;

- Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding; and
- The alternatives to the Proposed Transaction.

2.15 If the Proposed Transaction does not proceed, the board will continue to pursue acquisition opportunities to complement its organic growth strategy.

2.16 Prior to being approached by CyberCX, VOR had been actively assessing acquisition opportunities in the market for over 12 months, with a focus on identifying and acquiring synergistic and earnings accretive bolt-on companies. A target of one to two acquisitions in the twelve months from May 2020 had been set by the VOR Board. It is likely that additional capital would need to be raised to fund such acquisitions, which could lead to dilution for existing Shareholders

2.17 The key advantages of the Proposed Transaction are:

Advantages

The Proposed Transaction is fair to Shareholders as set out in Section 12.

The Proposed Transaction is a 100% upfront cash offer and does not require external financing to complete, providing Shareholders with certainty.

The cash consideration of \$25 million received by VOR will enable the Company to assess acquisition opportunities in the same sector or pursue new business opportunities. The Company has also proposed an equal access share buyback utilising up to \$20 million of the consideration, should Shareholders wish to realise their investment in VOR.

The Offer Consideration represents a 1.8 times return on the total acquisition price paid by VOR for DWX and Cloudten of \$13.7 million.

2.18 The key disadvantages of the Proposed Transaction are:

Disadvantages

The Shareholders of VOR will no longer be in a position to benefit from the future growth and financial performance of DWX and Cloudten.

VOR's portfolio of assets will be less diversified post the Proposed Transaction with only a passive investment in TSI India, which may not suit Shareholder investment strategies.

Shareholders of VOR will no longer have exposure to the fast-growing cybersecurity consulting sector, which is predicted to experience significant increases in revenue in Australia over the next few years.

The liquidity of VOR shares may be adversely impacted by the disposal of its two core operating businesses, however, the proposed Buyback will provide Shareholders with an effective mechanism to realise their shareholding if they choose.

2.19 At the date of this Report, we are not aware of any alternative offers for DWX and Cloudten.

2.20 In accordance with the guidance in RG 111, if a Proposed Transactions is fair then it is reasonable. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Shareholders of VOR.

2.21 Notwithstanding the above opinion, Shareholders may consider that the Proposed Transaction is not in their best interests and wish to retain their interest in DWX and Cloudten through their shareholding in VOR. Shareholders may also consider that there is potential for a superior proposal to be made for DWX and Cloudten in the future. The Company will not be able to proceed with the Proposed Transaction if Shareholders vote against it.

3. Summary of Proposed Transaction

Overview

- 3.1 On 22 October 2020, the Company announced that it had entered into a conditional share sale agreement ("Agreement") with CyberCX, an unrelated party, to dispose of 100% of the shares in VOR's two Australian subsidiaries:
- Decipher Works Pty Ltd; and
 - Cloudten Industries Pty Ltd.
- 3.2 DWX is a cybersecurity specialist company, offering cybersecurity protection, threat detection and security managed services solutions.
- 3.3 Cloudten is a cloud and cloud security service provider, helping large enterprises and government to migrate and manage their cloud infrastructure.
- 3.4 The Consideration to be received by VOR for the disposal of the two subsidiaries is \$25 million, on a cash-free debt-free basis, with a normal level of working capital retained in DWX and Cloudten. The consideration will be paid 100% in cash on completion.
- 3.5 The Proposed Transaction is conditional upon:
- VOR Shareholder approval;
 - retention of key staff and key customers;
 - no material adverse change in either DWX or Cloudten, or their respective businesses; and
 - approval by the Foreign Investment Review Board.

4. Scope of the Report

- 4.1 There is no regulatory requirement to provide an IER to shareholders of VOR, however the Directors of VOR have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders.
- 4.2 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed in ASIC Regulatory Guide 111 – Content of Expert Reports ("RG 111").
- 4.3 While RG 111 does not define "fair and reasonable" it does provide some guidance as to how the terms should be interpreted in a range of circumstances.
- 4.4 In the specific circumstances of the Proposed Transaction, where a cash offer has been made for the core businesses of the Company but no change to control of the Company will occur, we consider the guidance in relation to related party transactions to be relevant, stating:
 - An offer is considered "fair" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity; and
 - An offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to approve the transaction.
- 4.5 Consistent with the guidance set out in RG 111, in assessing whether or not we consider the Proposed Transaction to be fair and reasonable to VOR shareholders, we will consider whether the Proposed Transaction is "fair" by assessing and comparing:
 - The Fair Market Value of DWX and Cloudten; with
 - The Fair Market Value of the Consideration.
- 4.6 We will consider whether the transaction is "reasonable" to VOR shareholders by undertaking an analysis of the following factors relating to the Proposed Transaction:
 - The rationale of the Proposed Transaction and its advantages and disadvantages to VOR shareholders;
 - Other significant factors which VOR shareholders might consider prior to approving the Proposed Transaction; and
 - Alternatives to the Proposed Transaction.
- 4.7 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Vortiv Limited

Background

- 5.1 Vortiv Limited (previously known as Transaction Solutions International Ltd) is an Australian technology-based public company listed on the ASX and based in Perth, Western Australia.
- 5.2 VOR changed its name from Transaction Solutions International Ltd in September 2019 to reflect the change in its business focus, from owning and managing ATMs and offering bill payment services to utility companies in India, to cloud and cyber security services following the acquisitions of DWX and Cloudten in 2017 and 2019 respectively.
- 5.3 The consolidated group comprises the following 100% owned entities:

Table 2 Controlled Entities

Controlled Entity	Incorporation
Decipher Works Pty Ltd	Australia
Cloudten Industries Pty Ltd	Australia
Cloudten Industries Ltd	United Kingdom
Cloudten Industries Pte Ltd	Singapore
Transaction Solutions International Pty Ltd	Australia
Transaction Solutions International (Mauritius) Pty Limited	Australia

Source: Vortiv Limited FY20 Annual Report

- 5.4 The entities in the United Kingdom and Singapore are no longer trading following the closure of Cloudten's operations in those countries and have been deregistered.
- 5.5 VOR also holds a 24.89% passive investment and non-controlling interest in Transaction Solutions International (India) Private Limited ("TSI India"). TSI India is a business network of operating ATMs on behalf of major banks and bill payment systems in India, and a payments solution provider to 20 top tier banks in India.
- 5.6 The Company provides specialist cloud and cyber security services to long-standing institutional and government clients, through its core operating businesses:
- DWX – a cyber security specialist; and
 - Cloudten – a cloud and cloud security specialist.
- 5.7 DWX offers cybersecurity protection (such as identity governance, access management, multi-factor authentication, data security and single sign-on), threat detection and security managed services solutions. DWX has been a subsidiary of VOR since August 2017 and is based in Sydney.
- 5.8 Cloudten assists large enterprises and government agencies to migrate and manage their infrastructure. Based in Sydney, it was acquired by VOR in February 2019 and is an advanced consulting partner of Amazon Web Services ("AWS").

Directors and Management

5.9 The directors and management of VOR are summarised in the table below.

Table 3 VOR Directors and Management

Name	Title	Experience
Mr Gary Foster	Co-Founder and Non-Executive Chairman	Mr Foster is the original co-founder of VOR and was instrumental in establishing the original TSI India business and expanding the direction of the company into the IT services sector. Prior to VOR, Mr Foster was CEO and Director of ATM Systems Pty Ltd and B.W.K. LLC (Germany). Mr Foster has also been an Executive Director of Pearl Global since January 2018.
Mr Jeffrey Lai	Managing Director and CEO	Mr Lai was previously a Managing Director of Accenture and Managing Director of Arthur D. Little. During the course of his career, Mr Lai has worked in most countries across Asia, where he has an extensive network in the financial services and technology sectors.
Mr Howard Digby	Non-executive Director	Mr Digby commenced his career at IBM and has spent over 25 years managing technology related businesses in the Asia Pacific region. More recently, he was a Regional Managing Director with The Economist Group and has also served as Executive Editor of WA Business News. Mr Digby is a director of Cirralto Ltd, 4DS Memory Ltd, Elsie Ltd and HearMeOut Ltd.
Mr Phillip MacLeod	Company Secretary	Mr MacLeod has over 25 years commercial experience and has held the position of company secretary with listed public companies since 1995. Mr MacLeod has provided corporate, management and accounting advice to Australian and international public companies involved in the resource, technology, healthcare and property industries.

Source: Vortiv Limited FY20 Annual Report

Financial information of Vortiv Limited

- 5.10 The information in the following section provides a summary of the financial performance of VOR (on a consolidated basis) for the three years ended 31 March 2020, as extracted from the audited financial statements of the Company.
- 5.11 The auditor of VOR, Bentleys Chartered Accountants, has issued an unqualified audit opinion on the financial statements for the year ended 31 March 2020.
- 5.12 The audited financial statements of VOR are prepared on a consolidated basis for VOR and its six wholly owned subsidiaries. The investment in TSI India is accounted for as a financial asset at fair value.

Financial performance

- 5.13 The following table sets out a summary of the financial performance of VOR (on a consolidated basis) for the three years ended 31 March 2020.

Table 4 VOR historical financial performance

\$'000	Ref	Year ended 31-Mar-20 Audited	Year ended 31-Mar-19 Audited	Year ended 31-Mar-18 Audited
Continuing operations				
Revenue from contracts with customers	5.15	11,421	5,801	2,323
Finance income	5.18	10	20	33
Other income	5.19	102	-	10
Revenue		11,533	5,821	2,366
Cost of sales	5.20	(2,668)	(802)	(3)
Gross profit		8,865	5,019	2,363
Employee benefits expenses	5.21	(6,443)	(3,498)	(1,889)
Professional services		(382)	(384)	-
Research & development		(177)	(75)	-
Business acquisition costs	5.22	-	(119)	(51)
Due diligence	5.22	-	(42)	(126)
Depreciation expenses		(38)	(16)	(6)
Depreciation of right of use assets		(92)	-	-
Finance costs		(94)	(100)	(29)
Share based payments		(19)	(90)	-
Fair value adjustment on contingent consideration	5.23	420	-	-
Other expenses		(639)	(552)	(849)
Profit/(loss) before tax from continuing operations	5.14	1,401	143	(587)
Income tax benefit	5.24	1,264	-	-
Profit/(loss) after tax from continuing operations		2,665	143	(587)
Loss from discontinued operations	5.25	(389)	(95)	-
Profit/(loss) after tax for the year		2,276	48	(587)
<i>Other comprehensive income/(loss):</i>				
Foreign exchange movements		(18)	(4)	-
Movement in fair value of financial assets	5.26	(4,250)	(5,560)	5,590
Total comprehensive income/(loss) for the year		(1,992)	(5,516)	5,003

Source: Company Audited Financial Statements

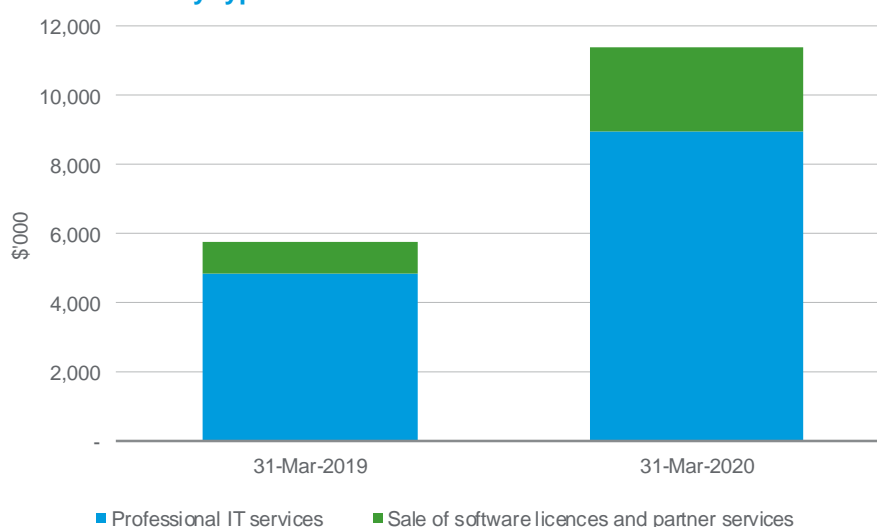
- 5.14 VOR recorded net profit before tax on continuing operations of \$1.40 million and \$143k in the year ended 31 March 2020 and 31 March 2019, respectively, following a loss of \$587k in the year ended 31 March 2018.
- 5.15 Revenue from contracts with clients comprises professional IT services and sale of software licences and partner services. The table and figure below set out VOR revenue by type for the two years ended 31 March 2020.

Table 5 VOR historical revenue by type

\$'000	31-Mar-2020	31-Mar-2019
Professional IT services	8,973	4,884
Sale of software licences and partner services	2,448	917
Total revenue from contracts with customers	11,421	5,801

Source: Company Audited Financial Statements

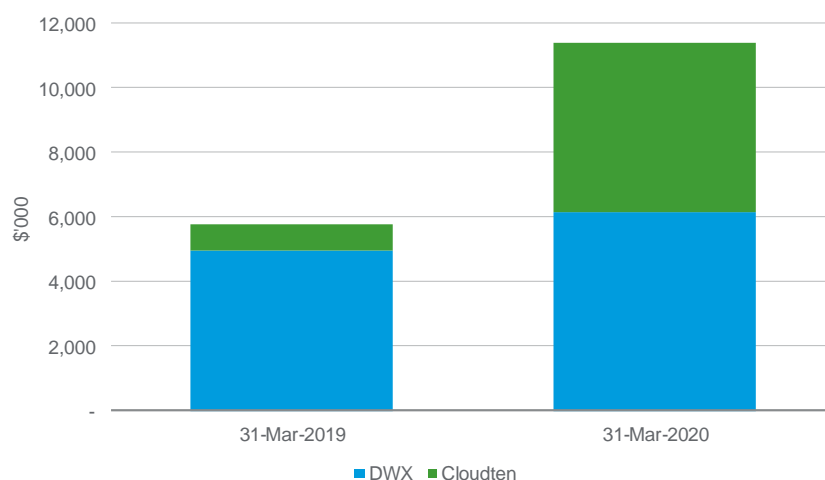
Figure 2 VOR historical revenue by type



Source: Company Audited Financial Statements

- 5.16 VOR derives its revenue through the services provided by DWX and Cloudten. The figure below summarises revenue during the two years ended 31 March 2020 by the two operating entities. We note that Cloudten was acquired in February 2019 resulting in significant revenue growth being recorded by VOR in FY20.

Figure 3 VOR historical revenue by entity



Source: Company Audited Financial Statements

- 5.17 Further analysis on the DWX and Cloudten financials is discussed in Sections 6 and 7, respectively, of this Report.
- 5.18 Finance income relates to interest income.
- 5.19 Other income comprised a \$50k Australian Taxation Office cashflow boost to each of DWX and Cloudten, relating to COVID-19 Government Stimulus initiatives.
- 5.20 Cost of sales comprises contractors and other costs relating to delivery of the licence and partner services.
- 5.21 The largest operating expense relates to employee benefit expenses, with the group currently employing approximately 43 employees.
- 5.22 Due diligence and acquisition costs incurred by VOR in FY18 and FY19 are considered to be one-off in nature.
- 5.23 The fair value adjustment on contingent consideration of \$420k in FY20 relates to amounts payable to the Cloudten vendors. Under the acquisition agreement, VOR was required to pay contingent consideration to the vendors, based on the EBIT of Cloudten over a 4-year period. The adjustment in FY20 resulted from the resignation of Mr Malcolm Duncanson, one of the vendors of Cloudten. Following his resignation, Mr Duncanson waived his entitlement to his half of the remaining consideration. On 25 September 2020, the Company announced plans to buy-out the remaining earn-out rights of Cloudten vendors for \$200,000 settled by VOR shares. Accordingly, 1,065,086 shares were issued on 29 September 2020 subject to a 1-year voluntary escrow period. As at the date of this report, there is no remaining contingent consideration payable to Cloudten vendors.
- 5.24 The Company recorded an income tax benefit of \$1.26 million in FY20 on the recognition of a deferred tax asset for carried forward tax losses.
- 5.25 The loss from discontinued operations relates to the closure of Cloudten operations in the United Kingdom and Singapore.
- 5.26 The movement in fair value of financial assets relates to the carrying value of the 25% investment in TSI India; refer to paragraph 5.30.

Financial position

5.27 The table below sets out a summary of the financial position of VOR (on a consolidated basis) as at 31 March 2020 and 31 March 2019.

Table 6 VOR historical financial position

\$'000	Ref	31-Mar-20 Audited	31-Mar-19 Audited
ASSETS			
Cash and cash equivalents		1,054	2,411
Trade and other receivables	5.29	2,068	1,348
Contract assets		217	147
Prepayments		94	69
Total Current Assets		3,433	3,975
Financial assets at fair value through OCI	5.30	5,530	9,780
Deferred tax assets	5.31	1,264	-
Plant and equipment		109	87
Right of use assets		57	-
Goodwill	5.32	10,945	10,945
Total Non-Current Assets		17,905	20,812
Total Assets		21,338	24,787
LIABILITIES			
Payable to Cloudten Vendors	5.33	27	5,403
Trade and other payables	5.34	1,606	1,238
Contract liabilities		581	-
Lease liabilities		56	-
Convertible note		737	747
Total Current Liabilities		3,007	7,388
Payable to Cloudten Vendors	5.33	646	1,093
Provisions	5.35	143	82
Total Non-Current Liabilities		789	1,175
Total Liabilities		3,796	8,563
Net Assets	5.28	17,542	16,224
EQUITY			
Contributed equity		41,789	38,498
Reserves		385	4,664
Accumulated losses		(24,632)	(26,938)
Total Equity		17,542	16,224

Source: Company Audited Financial Statements

5.28 As at 31 March 2020, VOR had net assets of \$17.54 million and a net current assets surplus of \$426k.

- 5.29 Trade and other receivables as at 31 March 2020 comprise \$2.0 million trade receivables, \$28k security deposits and \$45k other receivables.
- 5.30 The financial assets at fair value relates to the non-controlling shareholding in TSI India. An independent valuation assessed the fair value of VOR's 25% shareholding in TSI India to be in the range of \$5.5 million and \$8.9 million as at 31 March 2020. The Directors of VOR elected to adopt the lower end of the valuation range.
- 5.31 VOR recognised a deferred tax asset of \$1.26 million in FY20 relating to carried forward tax losses, being the first year in which significant profits were generated by the group.
- 5.32 The composition of goodwill as at 31 March 2020 is shown in the table below:

Table 7 VOR Goodwill composition

\$'000	31-Mar-2020	31-Mar-2019
Decipher Works Pty Ltd	3,163	3,163
Cloudten Industries Pty Ltd	7,782	7,782
Goodwill	10,945	10,945

Source: Company Audited Financial Statements

- 5.33 As discussed in paragraph 5.23, under the acquisition agreement, VOR was required to pay contingent consideration to the Cloudten vendors based on the EBIT of Cloudten over a 4-year period. The Directors have advised that no remaining contingent consideration payments are outstanding at the date of this report.
- 5.34 Trade and other payables as at 31 March 2020 comprise \$737k trade payables, \$609k employee entitlements and \$260k other payables.
- 5.35 The provisions of \$143k at 31 March 2020 relate to long service leave.

Capital structure

5.36 VOR had 140,524,363 ordinary shares on issue at the date of this report. The top 20 shareholders of VOR as at 12 October 2020 are set out below.

Table 8 VOR Top 20 shareholders

Rank	Name	Total Units	% Issued Share Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,428,887	8.13%
2	BRETNALL CUSTODIANS PTY LTD <FOSTER FAMILY A/C>	7,805,093	5.55%
3	NATIONAL NOMINEES LIMITED	7,278,609	5.18%
4	WESTBRIDGE INVESTMENTS PTY LTD <THE PMB FUND A/C>	5,050,000	3.59%
5	ATHRAUSTOS PTY LTD <LEONARD FAMILY A/C>	4,521,924	3.22%
6	SLH ENTERPRISES PTY LTD <HALVARSSON FAMILY A/C>	4,481,924	3.19%
7	CITICORP NOMINEES PTY LIMITED	3,406,641	2.42%
8	MR MARTIN PAUL WILSON & MS GAIL ANN WILSON <MARTIN P WILSON SUPER A/C>	2,000,000	1.42%
9	WHITECHURCH DEVELOPMENTS PTY <WHITECHURCH S/F A/C>	1,855,000	1.32%
10	TECHFORCE PERSONNEL PTY LTD	1,500,000	1.07%
11	MR STEPHEN COLBECK	1,500,000	1.07%
12	MR KIRIL RUVINSKY	1,430,000	1.02%
13	MR MARTIN PAUL WILSON <CONNOR A/C>	1,400,000	1.00%
14	MR MAKRAM HANNA & MRS RITA HANNA <HANNA & CO P/L SUER A/C>	1,192,000	0.85%
15	RICHARD DAVID TOMKINSON	1,065,086	0.76%
16	MRS CHERRYLL BRAYSHAW & MS BELINDA BRAYSHAW <THE BRAYSHAW SUPER FUND A/C>	988,967	0.70%
17	MR JOHN-PAUL LISICA & MRS HELEN LISICA & MR MARK LISICA <LISICA S/F A/C>	933,161	0.66%
18	MR TRENT MILLAR	840,242	0.60%
19	MR GRAIG PEARSON	801,291	0.57%
20	COMMUNITY CARE CONSULTING PTY LTD <LIM FAMILY SUPER FUND A/C>	800,000	0.57%
Total Top 20 Shareholding		60,278,739	42.90%
Others		80,245,53	57.10%
Total issued capital		140,524,363	100.00%

Source: Shareholder Register at 12 October 2020

5.37 At the date of this Report, VOR had the following options on issue:

- 50,000 options granted on 7 February 2019, exercisable at \$0.244 on or before 6 February 2021;
- 550,000 options granted to Mr Gary Foster, Mr Gregg Taylor and Mr Howard Digby on 30 March 2020, exercisable at \$0.26 on or before 30 March 2022, as part of the incentive component of their remuneration;
- 2,977,586 options exercisable at \$0.26 on or before 21 December 2021; and
- 2,977,586 options exercisable at \$0.30 on or before 21 December 2022.

Share price performance

5.38 The market capitalisation of VOR at the date of this report was \$23.2 million and closing share price was \$0.17.

5.39 The figure below sets out a summary of VOR closing share prices and traded volumes for the 12 months to 10 November 2020.

Figure 4 VOR daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.40 In the period prior to the announcement of the Proposed Transaction, being 22 October 2020, VOR Shares had been trading between \$0.06 and \$0.32 per Share, with the VOR Share price reaching the peak of \$0.32 per Share on 13 August 2020. The most significant trading day during this period was 22 June 2020, when approximately 9.49% of VOR's total volume of shares were traded.

5.41 Over the 180 trading days to 19 October 2020, being the day before VOR was placed in a trading halt, 134.02% of VOR's Shares were traded, indicating that it is a liquid stock.

5.42 The most significant trading days that have been summarised in the chart above are described as follows:

No.	Date	Comment
1	28-Nov-19	Half Year Report VOR released its Half Year Accounts to shareholders which reported that it posted a total comprehensive profit of \$2.0 million for the half year ended 30 September 2019.
2	22-Jan-20	Vortiv's Quarterly Reporting Requirements Lifted VOR announced that the ASX no longer requires it to lodge Appendix 4C quarterly cash flow reports as a commitments test entity based on the positive net operating cash flow track record over the last four quarters.
3	30-Jan-20	Quarterly Activities Report VOR announced that it had quarterly receipts from customers of \$2.8 million, record high total revenue of \$3.1 million, positive operating cash flow and profit before tax of \$0.3 million, eighth consecutive quarter of positive cash flow, and a strong cash balance allowing it to meet all commitments.
4	27-Feb-20	Corporation Update and Consolidation/Split VOR announced that the restructuring of the international operations will result in estimated cost savings of \$0.5 million per annum with minimal revenue impact and that the Board is proposing to consolidate its issued capital on the basis of one new share for every twenty shares currently on issue.
5	27-Mar-20	Covid-19 Update VOR advised that they have not been significantly affected by the COVID-19 pandemic despite the restrictions and lockdowns being put in place across Australia. With a strong balance sheet and continued profits, VOR is in a unique position to capitalise on the growth of cloud and cyber security services.
6	30-Mar-20	Results of Meeting VOR released the results of the General Meeting where shareholder approval was granted for the consolidation of its issued capital on the basis of one new share for every twenty shares currently on issue.
7	4-May-20	Quarterly Update VOR announced that its March quarterly results beat estimates despite the COVID-19 lockdown, unaudited FY20 revenue of \$11.5 million, unaudited FY20 EBIT of \$1.5 million, operating cash flow of \$1.7 million, and record profit result expected for June 2020 quarter.
8	29-May-20	Preliminary Final Report VOR released its Preliminary Final Report to shareholders which reported that it posted a total comprehensive profit of \$2.6 million for the year ended 31 March 2020.
9	22-Jun-20	Business Update VOR advised that it is on track to deliver revenue and profit growth driven by cyber security requirements of Government and financial institutions. With 72% of its revenues coming from Government and financial institutions, VOR is well positioned to offer its existing clients solutions to recent cyber threats. According to the Government, a greater spend in cyber security is essential.
10	30-Jun-20	Full Year Statutory Accounts VOR released its Full Year Statutory Accounts to shareholders which reported that it posted a total comprehensive loss of \$2.0 million for the year ended 31 March 2020. The difference in profit/loss from the Preliminary Final Report is primarily due to an unfavourable movement in fair value of financial assets designated at fair value through other comprehensive income of \$4.3 million.
11	31-Aug-20	Director Resignation VOR advised that Mr Gregg Taylor resigned as a non-executive director, effective immediately.
12	24-Sep-20	Management Share Scheme Strategic Review VOR announced that due to its successful transformation into a high growth specialised technology business with an increase of approximately 62% on pro-forma acquired revenue over 2-3 years, the Board is now reviewing a new equity incentive scheme to optimise alignment of management incentives, business outcomes and sustainable shareholder value creation.
13	20-Oct-20	Trading Halt VOR placed in trading halt at its request, pending a release of an announcement.
14	22-Oct-20	Proposed Sale of Cybersecurity Business VOR announced that it has executed a conditional share sale agreement regarding the proposed sale of its cybersecurity business to CyberCX Pty Ltd.
15	23-Oct-20	Clarification of Share Buyback VOR announced further details on the proposed use of proceeds from the sale of its cybersecurity business. VOR intends to return to shareholders approximately \$20 million of the net cash proceeds, estimating a Buyback price of approximately \$0.185 to \$0.195 per share.

6. Profile of Decipher Works Pty Ltd

Background

- 6.1 Founded in 2007 and acquired by VOR for \$5.1 million in August 2017, DWX offers cybersecurity protection (such as identity governance, access management, multi-factor authentication, data security and single sign-on), threat detection and security managed services solutions.
- 6.2 The management team of DWX comprises:
- Mr Stefan Halvarsson – Executive Director and senior technical advisor; and
 - Mr Michael Leonard – Executive Director

Financial performance

- 6.3 The table below sets out the historical financial performance of DWX for the two years ended 31 March 2020 and the quarter ended 30 June 2020.

Table 9 DWX historical financial performance

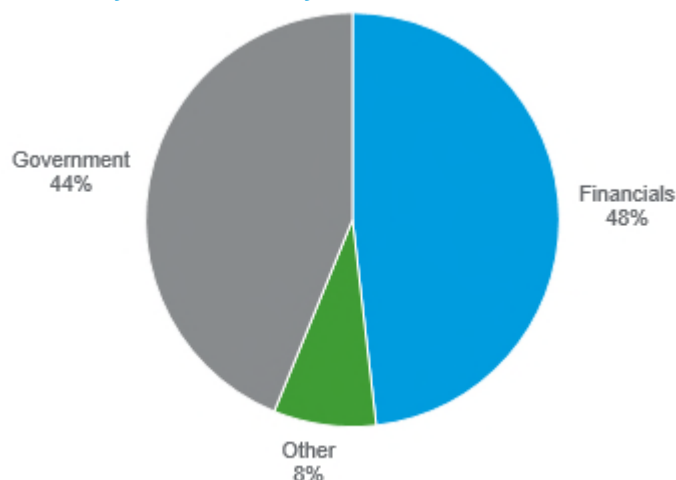
\$'000	Ref	Quarter ended 30-Jun-20 Management	Year ended 31-Mar-20 Management	Year ended 31-Mar-19 Management
Professional services revenue	6.4	1,433	5,024	4,119
Licence and partner service income	6.4	369	1,121	858
Finance income		-	1	2
Other income	6.6	3	50	-
Total revenue		1,805	6,196	4,978
Contractors		(55)	(184)	(19)
Contractors - Intragroup	6.9	(15)	(151)	-
Licence and partner service costs		(326)	(1,014)	(727)
Total cost of sales		(395)	(1,349)	(746)
Gross profit		1,410	4,846	4,233
Depreciation		(28)	(111)	(12)
Employee expenses	6.10	(918)	(3,455)	(2,661)
Finance costs		(2)	(6)	-
Marketing and Business Development		-	(59)	(51)
Other expenses	6.11	(55)	(304)	(458)
Profit before income tax	6.12	407	912	1,050
Income tax		-	-	-
Profit after tax		407	912	1,050

Source: Decipher Works Pty Ltd Management accounts

- 6.4 The total revenue derived from professional services and licence and partner services increased from \$4.98 million in FY19 to \$6.15 million in FY20 representing a 23% increase year-on-year. For the three months to 30 June 2020, DWX recorded revenue from these sources of \$1.80 million.

6.5 The figure below provides a revenue breakdown by client industry, for the periods reviewed:

Figure 5 DWX revenue breakdown by client industry



Source: Decipher Works Pty Ltd Management accounts, RSM Analysis

- 6.6 Significant recurring customers of DWX include Cuscal, Icare, Macquarie Group and ME Bank which together accounted for over 75% of DWX revenue in FY20. Revenue is generated through specific consulting projects, licence fees and managed service contracts.
- 6.7 DWX had pipeline opportunities of \$7.5 million as at 30 September 2020 of which \$1.0 million of projects are considered as high probability by DWX Management.
- 6.8 Other income in FY20 relates to a \$50k Australian Taxation Office cashflow boost.
- 6.9 The intra-group contractors recorded in cost of sales relate to Cloudten employees working on DWX contracts and is eliminated in the consolidated financial information.
- 6.10 The employee expenses have increased from \$2.66 million in FY19 to \$3.46 million in FY20 in line with revenue growth.
- 6.11 Other expenses consists of professional services, research and development, occupancy costs, software subscription and IT, training and foreign exchange expenses. The decrease in FY20 is partially driven by the adoption of AASB 16 for leases which results in rent costs being recognised as depreciation on right-of-use assets, and a reduction in professional services costs.
- 6.12 In FY19 DWX recorded a profit before income tax of \$1.05 million, which decreased to \$0.91 million in FY20. The FY20 costs included additional employees to drive business growth and \$0.1 million of research and development expenditure.

Financial position

6.13 The table below sets out the financial position of DWX as at 30 June 2020 and 31 March 2020.

Table 10 DWX historical financial position

\$'000	Ref	As at 30-Jun-20 Management	As at 31-Mar-20 Management
ASSETS			
Cash and cash equivalents		1,461	301
Contract assets		-	187
Prepayments		34	25
Trade and other receivables	6.15	1,553	1,132
Total Current Assets		3,048	1,644
Plant and equipment		54	59
Right of use Assets		34	57
Intercompany accounts	6.16	3,887	3,794
Total Non-Current Assets		3,975	3,910
Total Assets		7,023	5,555
LIABILITIES			
Trade and other payables	6.18	1,505	555
Contract liabilities	6.17	192	54
Lease liabilities		32	56
Total Current Liabilities		1,729	666
Provision	6.19	87	88
Total Non-Current Liabilities		87	88
Total Liabilities		1,815	754
Net Assets	6.14	5,208	4,801
EQUITY			
Current year earnings		407	1,291
Issued and paid up capital		1,933	1,933
Retained earnings		2,868	1,577
Total Equity		5,208	4,801

Source: Decipher Works Pty Ltd Management accounts

6.14 DWX had net assets of \$5.21 million as at 30 June 2020.

6.15 Trade and other receivables as at 30 June 2020 comprises \$1.46 million trade receivables, \$70k GST receivable and \$27k rental bonds.

6.16 The intercompany accounts as at 30 June 2020 comprises amounts receivable from VOR, of which \$379k relates to employee and research and development costs.

6.17 Contract liabilities relate to revenue received in advance on projects.

6.18 Trade and other payables as at 30 June 2020 and 31 March 2020 are summarised in the table below:

Table 11 DWX trade and other payables

\$'000	As at	As at
	30-Jun-20 Management	31-Mar-20 Management
Accounts Payable	703	122
Accrued Expenses	126	12
Bonus payable	-	24
FBT Payable	-	4
GST Payable	257	112
PAYG Withholdings Payable	70	19
Payroll tax liability	38	9
Provision for Annual Leave	287	230
Superannuation Payable	23	23
Total trade and other payables	1,505	555

Source: Decipher Works Pty Ltd Management accounts

6.19 The provisions of \$87k as at 30 June 2020 relate to long service leave.

7. Profile of Cloudten Industries Pty Ltd

Background

- 7.1 Cloudten was acquired by VOR in February 2019 for \$8.6 million and assists large enterprises and government to migrate and manage their IT infrastructure.
- 7.2 Based in Sydney, Cloudten specialises in the design, delivery and support of secure and robust cloud solutions. Cloudten is a prequalified supplier to the Federal Government's information and communication technology panel and a prequalified supplier to each Australian State Government.
- 7.3 Cloudten offers the following services:
- Data services
 - Cloud security
 - Machine learning and artificial intelligence; and
 - Professional and managed services.
- 7.4 In 2018, Cloudten achieved the Amazon Web Services ("AWS") security competency status, as one of the first AWS partners globally.

Financial performance

- 7.5 The table below sets out the historical financial performance of Cloudten for the two years ended 31 March 2020 and the quarter ended 30 June 2020.

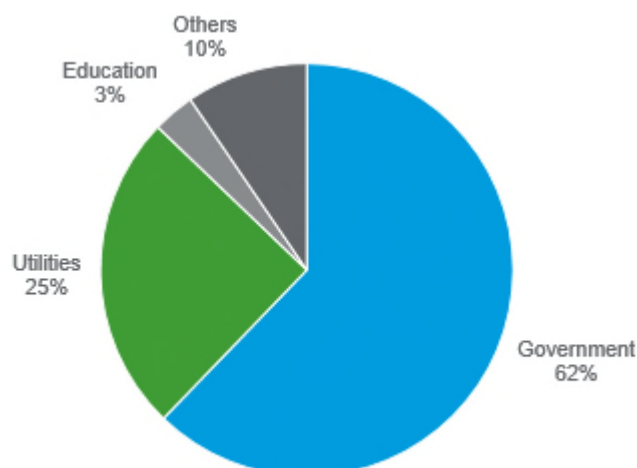
Table 12 Cloudten historical financial performance

		Quarter ended 30-Jun-20	Year ended 31-Mar-20	Year ended 31-Mar-19
\$'000	Ref	Management	Management	Management
Professional services revenue	7.7	1,243	3,949	5,658
Licence and partner service income	7.7	496	1,327	909
Finance income		-	5	11
Other income	7.12	-	53	21
Intragroup revenue	7.13	15	151	-
Total income		1,754	5,485	6,599
Contractors		(171)	(409)	(184)
Licence and partner service costs		(439)	(1,060)	(1,073)
Total cost of sales		(611)	(1,470)	(1,257)
Gross profit		1,143	4,015	5,342
Depreciation		(5)	(17)	(3)
Employee expenses	7.14	(816)	(2,485)	(2,952)
Finance costs		-	-	(2)
Marketing and BD		-	(68)	(104)
Other expenses	7.15	(67)	(284)	(382)
Profit before income tax	7.16	255	1,162	1,899
Income tax		-	-	(543)
Profit after tax		255	1,162	1,356

Source: Cloudten Industries Pty Ltd Management accounts

- 7.6 Cloudten was acquired by VOR in February 2019, however the table above includes its financial performance prior to VOR's acquisition.
- 7.7 The total revenue derived from professional services and licence and partner services decreased from \$6.57 million in FY19 to \$5.28 million in FY20 due to timing on contracts and projects. In the three months to 30 June 2020, Cloudten has recorded total revenue of \$1.74 million.
- 7.8 The figure below provides a revenue breakdown by client industry, for the periods reviewed.

Figure 6 Cloudten revenue breakdown by client industry



Source: Cloudten Industries Pty Ltd Management accounts, RSM Analysis

- 7.9 The revenue derived by various Australian Government agencies comprises 62% of total revenue generated during the periods reviewed.
- 7.10 Cloudten's significant customers include ASIC, Icare NSW, Origin Energy and various NSW Government agencies which together accounted for over 80% of FY20 revenue. Revenue is generated through support / managed services and specific projects which range in length from one month to rolling 12-month contracts.
- 7.11 Cloudten had pipeline opportunities of \$12.0 million as at 30 September 2020 of which \$3.80 million of projects are considered as high probability by Cloudten Management.
- 7.12 Other income in FY20 relates to a \$50k Australian Taxation Office cashflow boost, whilst the \$21k other income in FY19 was received from Austrade as part of the Export Market Development Grants scheme.
- 7.13 The intra-group revenue is derived from Cloudten employees working on DWX agreements and is eliminated in the consolidated financials.
- 7.14 The employee expenses of Cloudten decreased from \$2.95 million in FY19 to \$2.49 million in FY20 in line with the revenue decline.
- 7.15 Other expenses, consisting of professional services, occupancy costs, software subscription and IT, training and foreign exchange expenses, decreased in FY20 due to lower professional services costs in FY20.
- 7.16 In FY19, Cloudten generated a profit before income tax of \$1.90 million, which decreased to \$1.17 million in FY20, driven by the 20% (\$1.29 million) reduction in revenue.

Financial position

7.17 The table below sets out the financial position of Cloudten as at 30 June 2020 and 31 March 2020.

Table 13 Cloudten historical financial position

\$'000	Ref	As at 30-Jun-20 Management	As at 31-Mar-20 Management
ASSETS			
Cash and cash equivalents		777	724
Contract assets		3	31
Prepayments		13	22
Trade and other receivables	7.20	1,181	920
Total Current Assets		1,975	1,696
Plant and equipment		44	49
Intercompany accounts		2,913	2,623
Total Non-Current Assets		2,958	2,672
Total Assets		4,933	4,368
LIABILITIES			
Trade and other payables	7.21	747	842
Contract liabilities	7.19	921	527
Total Current Liabilities		1,668	1,369
Provision	7.22	65	55
Total Non-Current Liabilities		65	55
Total Liabilities		1,733	1,424
Net Assets	7.18	3,199	2,944
EQUITY			
Contributed equity		1,911	1,911
Reserves		(16)	(16)
Retained earnings		1,305	1,049
Total Equity		3,199	2,944

Source: Cloudten Industries Pty Ltd Management accounts

7.18 Cloudten had net assets of \$3.20 million as at 30 June 2020 which includes a \$2.9 million inter-company receivable.

7.19 Contract liabilities relate to revenue received in advance on projects.

7.20 Trade and other receivables as at 30 June 2020 comprises \$1.12 million trade receivables and \$56k GST receivable.

7.21 Trade and other payables as at 30 June 2020 and 31 March 2020 are summarised in the table below:

Table 14 Cloudten trade and other payables

\$'000	As at 30-Jun-20 Management	As at 31-Mar-20 Management
Accounts Payable	128	218
Accrued Expenses	40	248
FBT Payable	-	2
GST Payable	216	147
PAYG Withholdings Payable	60	6
Payroll Tax payable	36	9
Provision for Annual Leave	206	159
Superannuation Payable	62	53
Total trade and other payables	747	842

Source: Cloudten Industries Pty Ltd Management accounts

7.22 The provision of \$65k at 30 June 2020 relates to long service leave.

8. Profile of CyberCX Pty Ltd

Background

- 8.1 Cyber CX was established in 2019 with the objective of creating the leading independent cyber security services firm in Australia and New Zealand.
- 8.2 Since incorporation, Cyber CX has acquired 16 boutique cyber security practices across Australia and more recently, in New Zealand. The company has the stated aim of transforming the Australasian cyber security services industry.
- 8.3 Cyber CX's management team has considerable experience in the Australia cyber security and telecommunications markets. The CEO of CyberCX is Mr John Paitaridis, formerly Optus Business' managing director and the former head of the Australian Cyber Security Centre, Mr Alastair MacGibbon, is the Chief Strategy Officer of CyberCX.
- 8.4 CyberCX provides the following cybersecurity services:
 - Strategy & Consulting;
 - Security Testing & Assurance;
 - Governance Risk & Compliance;
 - Identity & Access Management;
 - Managed Security Services;
 - Security Integration & Engineering;
 - Digital Forensics & Incident Response;
 - Cyber Capability, Education & Training

9. Valuation approach

Basis of Valuation

- 9.1 The valuations of DWX, Cloudten and the Consideration have been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

- 9.2 In assessing the Fair Market Values of DWX and Cloudten and the Consideration, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 9.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 9.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;
- the quoted price for listed securities; and
 - industry specific methods.
- 9.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 9.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

- 9.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow;
 - capitalisation of future maintainable earnings.
- 9.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast

period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 9.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

- 9.10 Asset based methodologies estimate the Fair Market Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 9.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 9.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 9.13 The net assets on a going concern method estimates the market values of the net assets of a company but, unlike the orderly realisation of assets method, it does not take into account realisation costs.
- 9.14 Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

Selection of valuation methodologies

Valuation of DWX and Cloudten

- 9.15 In assessing the aggregate Fair Market Value of DWX and Cloudten, we have utilised the capitalisation of FME as our primary methodology. In our opinion, it is the most appropriate methodology for the following reasons:
- DWX and Cloudten have historically generated reasonably consistent earnings; and
 - There are adequate publicly listed companies with sufficiently similar operations as DWX and Cloudten to provide meaningful analysis.
- 9.16 Whilst we have been provided with financial forecasts for the year ending 31 March 2021, RG 111 states that an expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters (together, ‘forward-looking information’) in its report unless there are reasonable grounds for the forward-looking information.
- 9.17 The Shareholders of VOR are divesting a 100% interest in DWX and Cloudten on a cash-free debt-free basis (“Enterprise Value”), therefore we have assessed the Fair Market Value of DWX and Cloudten on a 100% controlling interest basis.

- 9.18 We have also cross-checked our assessed values of DWX and Cloudten using our primary methodology by valuing Vortiv as a whole using the quoted market price methodology and then deducting the value of the investment in TSI India and net debt/cash of the Group, to derive an implied value of DWX and Cloudten.

Valuation of Consideration

- 9.19 Given the Consideration for the Proposed Transaction is a 100% cash offer of \$25 million, we have adopted this amount as the Fair Market Value of the Consideration.

10. Valuation of DWX and Cloudten

- 10.1 As stated at paragraph 9.15 we have assessed the Fair Market Value of DWX and Cloudten on a controlling basis using the capitalisation of FME methodology.

Valuation of DWX

- 10.2 The table below sets out our assessment of DWX and Cloudten's Fair Market Value on a 100% interest, cash-free debt-free basis.

Table 15 Assessed Fair Market Value of DWX and Cloudten (FME Approach)

Capitalisation of FME			
\$'000	Low	High	Midpoint
FME (assessed at the EBITDA level)	2,470	2,470	2,470
Assessed EBITDA multiple	6.5	7.7	7.1
Enterprise Value	16,055	19,019	17,537

Source: RSM Analysis

- 10.3 We have assessed DWX and Cloudten's Enterprise Value to range from \$16.06 million to \$19.02 million, with a midpoint of \$17.54 million.
- 10.4 We have considered and determined the following variables when assessing the Enterprise Value of DWX and Cloudten:
- Future maintainable earnings;
 - Appropriate capitalisation multiple; and
 - Appropriate premium for control.
- 10.5 We note that the indicative offer for DWX and Cloudten refers to a normal level of working capital at acquisition however we have not been provided with the dollar value to be adopted in the transaction agreement and therefore have not made any adjustments to the Enterprise Value of DWX and Cloudten in our assessment.

Future maintainable earnings

- 10.6 We have adopted EBITDA as an appropriate measure of FME because multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation rates and effective tax rates than multiples based on other earnings measures such as NPAT. In our opinion, this approach allows a better comparison with earnings multiples of other companies. We note that the adoption of AASB 16 Leases has effectively reclassified cashflows on property rental costs as a depreciation expense on the right-of-use assets, and we have made adjustments to the recorded EBITDA of DWX/Cloudten and the earnings multiples of comparable companies to allow for comparability.
- 10.7 We set out below our assessment of adjusted earnings for DWX and Cloudten for FY19, FY20 and the last twelve months' trading ("LTM") to 30 June 2020.

Assessed FME of DWX

Table 16 Assessed FME of DWX

\$'000	Ref	12 months ended 30-Jun-20 Management	Year ended 31-Mar-20 Management	Year ended 31-Mar-19 Management
Profit before income tax expense		1,039	912	1,050
Depreciation (excluding right-of-use assets)		20	19	12
Net interest and finance charges		7	5	(2)
Unadjusted EBITDA		1,066	936	1,060
Normalisation Adjustments				
Other income	1	(50)	(50)	-
Augmentation business (discontinued)	2	133	133	-
BDM Melbourne (discontinued)	2	93	128	-
Normalised EBITDA		1,243	1,147	1,060

Source: RSM Analysis

10.8 Adjustments to historical earnings are set out below.

- 1) *Other income* - Other income received by DWX has been deducted as this relates to the \$50k Australian Taxation Office cashflow boost received due to COVID-19 and has not been derived from the ordinary operations of DWX.
- 2) *Augmentation business (discontinued) and BDM Melbourne (discontinued)* - employee expenses relating to discontinued business activities and terminated positions have been added back. We understand that the roles were non-revenue generating and were terminated in February and March 2020 with no planned replacements.

10.9 In assessing the FME of DWX, we have considered the following:

- The unaudited financial performance of DWX for FY19, FY20 and LTM to 30 June 2020;
- Our review of abnormal or non-recurring income statement items and other normalisation adjustments;
- Our review of the historical trend of the revenue and earnings of DWX;
- The pipeline of opportunities as presented by DWX; and
- Our discussions with Management.

10.10 On the above basis, we have adopted a future maintainable EBITDA of \$1.24 million being the LTM normalised earnings.

Assessed FME of Cloudten

Table 17 Assessed FME of Cloudten

\$'000	Ref	12 months ended 30-Jun-20	Year ended 31-Mar-20	Year ended 31-Mar-19
		Management	Management	Management
Profit before income tax expense		1,260	1,162	1,899
Depreciation (excluding right-of-use assets)		19	17	3
Net interest and finance charges		(2)	(5)	(9)
Unadjusted EBITDA		1,276	1,174	1,893
Normalisation Adjustments				
Other income	1	(50)	(50)	(21)
Normalised EBITDA		1,226	1,124	1,872

Source: RSM Analysis

10.11 Adjustments to historical earnings are set out below.

- 1) *Other income* - Other income received by DWX has been deducted as it relates to the \$50k Australian Taxation Office cashflow boost received due to COVID-19 and an Export Market Development Grant, which are not derived from the ordinary operations of DWX.

10.12 In assessing the FME of Cloudten, we have considered the following:

- The unaudited financial performance of Cloudten for FY19, FY20 and LTM to 30 June 2020;
- Our review of abnormal or non-recurring income statement items and other normalisation adjustments;
- Our review of the historical performance and trend of the revenue and earnings of Cloudten;
- The pipeline of opportunities as presented by Cloudten; and
- Our discussions with Management.

10.13 On the above basis, we have adopted a future maintainable EBITDA of \$1.23 million being the LTM normalised earnings.

Combined FME

10.14 The combined future maintainable EBITDA of DWX and Cloudten is therefore assessed to be \$2.47 million.

Capitalisation Multiple

10.15 In selecting an appropriate EBITDA multiple to value DWX and Cloudten, we have considered the trading multiples of publicly listed companies whose operations are sufficiently comparable to DWX and Cloudten. We have adjusted the LTM EV/EBITDA multiples to exclude depreciation on right-of-use assets, consistent with our treatment of the FME above.

10.16 The table below summarises the historical and forecast EBITDA multiples of publicly listed comparable companies. A brief description of each comparable company is set out in Appendix E.

Table 18 Comparable companies

Company	Market Cap \$m	TEV (\$m)	FY20 EBITDA (\$m)	LTM EV/EBITDA (adjusted)	FY21 EBITDA (\$m)	EV/EBITDA
Cirrus Networks Holdings Limited	27	23	2.64	6.76	5.10	4.51
CPT Global Limited	7	5	1.15	3.81	-	-
Data#3 Limited	1,066	829	35.32	21.42	39.65	20.91
DWS Limited	154	185	18.84	8.97	-	-
Empired Limited	99	123	8.02	9.03	-	-
Hills Limited	38	60	8.16	4.85	-	-
Future First Technologies Ltd (previously PS&C Limited)	21	21	2.09	8.49	-	-
RXP Services Limited	63	74	12.31	5.09	14.98	4.93
Tesseract Limited	223	226	(6.05)	n/a	-	-
The Citadel Group Limited	440	497	8.11	48.65	43.60	11.41
Average	213	202	9.06	13.01	25.83	10.44
Median				8.49		8.17
Exclude size outliers:						
Data#3 Limited	1,066	829	35.32	21.42	39.65	20.91
The Citadel Group Limited	440	497	8.11	48.65	43.60	11.41
Average (excluding outliers and negative earnings)	59	70	7.60	6.71	2.87	4.72

Source: S&P Capital IQ

- 10.17 In relation to the trading multiples above, we note that share prices of listed companies represent the market value of a non-controlling interest in those companies. As such, any earnings multiple derived from those share prices is consequently a non-controlling multiple and does not reflect a premium for control.
- 10.18 Although comparable based on industry, we have excluded the EBITDA multiples of Data#3 Limited and The Citadel Group Limited from our assessment due to these two companies being significantly greater in size than DWX and Cloudten. We have also excluded Tesseract Limited on the basis that it did not generate a positive EBITDA during the reviewed period, even after adjusting for acquisition costs and non-cash items, although we note that four earnings accretive acquisitions were announced or completed by Tesseract subsequent to 30 June 2020.
- 10.19 Based on our analysis, having particular regard to the average LTM EBITDA multiple of 6.71 excluding outliers and the median historic multiple of 8.49, we consider the appropriate historic EBITDA multiple for DWX and Cloudten is in the range of 6.5 to 7.7 times.

Table 19 Assessed Earnings Multiple of DWX and Cloudten

	Multiple range	
	Low	High
Historic EBITDA multiple for comparable listed companies	6.70	8.50
Control premium (30%)	2.01	2.55
Controlling multiple	8.71	11.05
Size and business specific discount (25% to 30%)	(2.18)	(3.32)
Assessed EBITDA multiple	6.53	7.74
Say	6.5	7.7

Source: RSM Analysis

Control premium

- 10.20 Traded earnings multiples of listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).
- 10.21 RSM has conducted a study on 463 takeovers and schemes of arrangement involving companies listed on the ASX over the 11 years ended 30 June 2016. In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the date prior to the date of the offer.
- 10.22 Our study concluded that control premiums in takeovers and schemes of arrangements involving Australian companies in the telecommunications, IT and software sectors averaged a control premium of 30%.
- 10.23 Accordingly, we have adopted a control premium of 30% for DWX and Cloudten at the Enterprise Value level.

Discount for size and business specific risk

- 10.24 In calculating the appropriate EBITDA multiple for DWX and Cloudten, we considered the following:
- DWX and Cloudten are smaller than the majority of publicly listed comparable companies with respect to revenue and EBITDA;
 - As smaller businesses, DWX and Cloudten inherently carry greater risks as they have less diversified revenue streams, less geographic diversification and lack economies of scale;
 - DWX and Cloudten's customer base including the nature of clients, customer concentration and volume of repeat business; and
 - The growth stage of DWX and Cloudten with revenue anticipated to increase between 20-30% year on year and a strong pipeline of opportunities presented by Management.
- 10.25 On the above basis, we have assessed an appropriate discount for size and other risk factors applicable to DWX and Cloudten as standalone businesses to be in the range of 25% to 30%.

Comparable transactions

- 10.26 To cross-check the valuation of DWX and Cloudten using the EBITDA multiples of publicly listed comparable companies, we have considered the implied EBITDA multiples of recent transactions involving companies whose operations and activities are comparable to DWX and Cloudten.
- 10.27 All of these transactions involved the acquisition of a majority stake and are therefore reflective of an appropriate multiple inclusive of a control premium.

10.28 The table below summarises the EBITDA multiples of recent comparable transactions.

Table 20 Comparable Transactions

Announcement date	Target/ Issuer	Buyer/Investor	Country	Total transaction value (AUD'm)	Acquisition stake	Implied EV/EBITDA x
11-Sep-20	Airloom Holdings Pty Ltd	Tesseract Limited	Australia	15	Majority	5.6
22-Jul-20	Finjan Holdings, Inc.	Fortress Investment Group LLC	United States	66	Majority	5.1
26-Mar-20	NTH Consulting Pty Ltd	TNT Cyber Services Pty Ltd	Australia	4	Majority	5.6
10-Dec-19	Security Division of PS&C Limited	TNT Cyber Services Pty Ltd	Australia	14	Majority	6.0
03-Jul-19	Nordisk Systems, Inc.	Converge Technology Solutions Corp.	United States	14	Majority	6.3
18-Jan-19	Software Information Systems, LLC	Converge Technology Solutions Corp.	United States	21	Majority	5.9
04-Dec-18	Lighthouse Computer Services Inc.	Converge Technology Solutions Corp.	United States	32	Majority	4.9
17-Oct-18	Brookcourt Solutions Limited	Shearwater Group plc	United Kingdom	55	Majority	15.2
30-Sep-18	FusionStorm, Inc.	Computacenter plc	United States	125	Majority	9.2
31-Aug-18	Shift F7 Group Limited	AdEPT Telecom plc (nka:AdEPT Technology Group plc)	United Kingdom	14	Majority	11.3
31-Aug-18	Shift F7 Group Limited	AdEPT Telecom plc (nka:AdEPT Technology Group plc)	United Kingdom	14	Majority	11.3
06-Jun-18	Bulletproof Group Limited	Australian Centre For Advanced Computing And	Australia	28	Majority	9.1
12-Mar-18	eTouch Systems Corp.	Virtusa Corporation	United States	168	Majority	9.1
12-Mar-18	First Base Technologies LLP	Falanx Group Limited	United Kingdom	6	Majority	5.3
Average						7.8
Median						6.2
Min						4.9
Max						15.2

Source: RSM Analysis

- 10.29 We note that the median transaction multiple is 6.2 and the average transaction multiple is 7.8 with the higher multiple transactions predominantly being UK based. The Australian transactions have typically occurred at slightly lower transaction multiples than the overseas acquisitions, with an average of 6.6 over the last few years. Although we note the comparable Australian transactions occurred prior to the recent announcement by the Australian Government of a \$1.67 billion investment over ten years in cyber security, through the Australian Cyber Security Strategy 2020 (refer to Industry Overview in Appendix D). We also note that the sale of DWX and Cloudten together provides opportunities to cross and up-sell which may not have been a factor in the comparable transactions of single entity businesses.
- 10.30 On the above basis, we consider the comparable transactions analysis to support our assessed EBITDA multiple (including a control premium) range of 6.5 to 7.7 times with a midpoint of 7.1 times.

Valuation Cross-Check – Quoted Market Price

10.32 In order to cross-check our assessed values of DWX and Cloudten, we have also valued VOR using the quoted market price methodology and then adjusted for the following:

- Assessed market value of investment in TSI India; and
- Net cash/debt of VOR (as the Consideration for the Proposed Transaction is on a cash-free debt-free basis).

10.33 The remaining value should reflect the value of DWX and Cloudten, being VOR's only other significant assets or trading operations.

Quoted price of listed securities (secondary method)

10.34 We have considered the recent quoted market price for VOR shares on the ASX prior to the date of the Proposed Transaction.

Table 21 VOR daily closing Share price and traded volumes



Source: S&P Capital IQ/ ASX

10.35 During the 12-month period to 19 October 2020, being the date VOR was placed in a trading halt pending the announcement of the Proposed Transaction, VOR shares traded between \$0.06 and \$0.32 per Share.

10.36 We note that the All Ordinaries Index fell by over 35% in the period from 21 February 2020 to 23 March 2020, reflecting the global impact on stock markets of the COVID-19 pandemic, although it has recovered most of this decline with the Index currently sitting around 15% below the peak of January/February 2020.

10.37 The VOR share price declined steadily during the same period, from \$0.20 on 6 January 2020 to a low of \$0.06 on 19 March 2020. It has since recovered, increasing to over \$0.30 in August 2020 before falling back to approximately \$0.18 in October 2020.

10.38 To provide further analysis of the quoted market prices for VOR Shares, we have considered the VWAP over a number of trading day periods ending 19 October 2020. An analysis of the volume in trading in VOR's Shares for the 1, 5, 10, 30, 60, 90, 120 and 180-day trading periods is set out in the table below.

Table 22 Traded volumes of VOR Shares to 19 October 2020

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	0.1874	0.1875	0.1787	0.1905	0.2474	0.2383	0.2314	0.2235
Total volume (000's)	280.1	1,913.0	4,608.3	17,110.4	63,967.1	97,805.6	107,148.3	114,690.4
Total volume as a % of total shares	0.33%	2.24%	5.38%	19.99%	74.75%	114.29%	125.20%	134.02%
Low price	0.1800	0.1800	0.1600	0.1600	0.1600	0.1500	0.1050	0.0600
High price	0.1900	0.1950	0.1950	0.2300	0.3350	0.3350	0.3350	0.3350

Source: S&P Capital IQ/ ASX

10.39 The analysis shows that VOR shares are highly liquid, with 134% of the issued capital being traded in the most recent 180-day trading period.

10.40 We consider that the characteristics of a liquid market for shares includes the following indicators:

- Regular trading in securities;
- Average of 1% of total shares traded on a weekly basis; and
- Spread of ownership, i.e. Top 10 shareholders do not control more than 50%.

10.41 Trading in VOR shares displays all of the above characteristics and therefore we consider that the market is deep enough to rely on for valuation purposes.

Value of VOR Share on a non-control minority basis

10.42 In our opinion, the weighted average share price of VOR over the last 30 days is reflective of the underlying value of a VOR Share. As such, we consider a range of values of between \$0.1787 and \$0.1905 (1 – 30 day VWAP) reflects the quoted market price valuation of a VOR Share on a minority basis prior to the Proposed Transaction.

Value of VOR Share on a control basis

10.43 Our valuation of a VOR Share, on the basis of the recent quoted market price including a premium for control is between \$0.223 and \$0.248, as summarised in the table below.

Table 23 Assessed value of a VOR Share – quoted price of listed securities

\$A	Low	High	Midpoint
Quoted market price - minority basis	0.1787	0.1905	0.184
Control premium	25%	30%	27.5%
Quoted market price controlling value	0.223	0.248	0.235

Source: RSM Analysis

Key assumptions

Control Premium

10.44 The value derived at 10.42 is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of VOR. RG 111.11 states that when considering the value of a company's shares the expert should consider a premium for control. Therefore, our assessment of the Fair Market Value of a VOR Share must include a premium for control.

- 10.45 In valuing an ordinary VOR Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 25% to 30% being a generally accepted range.

Valuation summary and conclusion

- 10.46 A summary of our assessed value of VOR on a control basis, using the quoted market price value per share set out above, and adjusting for the value of TSI India and net debt/cash is set out in the table below.

Table 24 VOR valuation summary

\$A000's				
	Ref	Low	High	Midpoint
Assessed value of VOR Share pre-Proposed Transaction (\$)		0.223	0.248	0.235
Number of VOR Shares		140,524,363	140,524,363	140,524,363
Implied value of VOR pre-Proposed Transaction		31,337	34,850	33,093
Less: VOR's interest in TSI India	10.47	(5,530)	(8,900)	(7,215)
Less: Net Cash	10.48	(2,400)	(2,400)	(2,400)
Implied Value of DWX and Cloudten		23,407	23,550	23,478

Source: RSM Analysis

Investment in TSI India

- 10.47 An independent valuation report was prepared by BDO on the 24.89% non-controlling investment in TSI India for the 31 March 2020 audit. The valuation report provided an assessed fair market value range of between \$5.53 million and \$8.90 million as at 31 March 2020 which we have adjusted for in our cross-check above.

Net Cash / Net Debt

- 10.48 We have assessed the net cash of VOR to be \$2.4 million as at 30 June 2020, as announced in the June Quarter 2020 Update on 30 July 2020.
- 10.49 We have therefore assessed the implied value of DWX and Cloudten to be within the range from \$23.41 million to \$23.55 million, with a midpoint of \$23.48 million, which is higher than our adopted values using the primary valuation methodology of \$16.06 million to \$19.02 million.
- 10.50 We consider this may be partially attributable to the additional value perceived in holding shares in a listed entity over that of a private entity, and therefore would not be captured in our valuation of DWX and Cloudten as standalone businesses. Additional value is considered to be driven primarily by the liquidity of shareholdings and the ability of the Company to raise funds for further acquisitions through access to the capital markets. These factors are considered in assessing an appropriate capitalisation multiple discount for size and business specific risk of private companies.
- 10.51 We note that our assessed valuation range adopting the quoted market price approach is lower than the Offer Consideration of \$25.0 million.

Valuation Summary

Table 25 DWX and Cloudten valuation summary

A\$'000	Ref	Low	High	Midpoint
Assessed value of DWX and Cloudten – Capitalisation of FME	10.3	16,055	19,019	17,537
Assessed value of DWX and Cloudten – Quoted market price	10.49	23,407	23,550	23,478
Adopted value		16,055	19,019	17,537

Source: RSM Analysis

- 10.52 Whilst we consider the quoted market price methodology to be a useful cross-check for Shareholders to consider in assessing the Offer Consideration, our primary valuation methodology of DWX and Cloudten provides a fundamental valuation of the underlying businesses on a standalone basis and is therefore our preferred approach.
- 10.53 We have therefore adopted the aggregate Fair Market Value of a 100% interest in DWX and Cloudten in the range of \$16.06 million to \$19.02 million, on a cash-free debt-free basis, based on our primary valuation methodology.

11. Valuation of Consideration

- 11.1 CyberCX has offered cash consideration of \$25 million for 100% of DWX and Cloudten.

12. Is the Proposed Transaction Fair?

- 12.1 In assessing whether we consider the Proposed Transaction to be fair to VOR's Shareholders, we have compared the aggregate Fair Market Value of DWX and Cloudten with the Fair Market Value of the Consideration.
- 12.2 A comparison of the aggregated Fair Market Value of the two VOR subsidiaries and the Consideration are set out below.

Table 26 Comparison of the aggregated Fair value of DWX and Cloudten and the Consideration

Assessment of Fairness				
\$'000	Ref	Low	High	Midpoint
Assessed Fair Market Value of DWX and Cloudten	10.52	16,055	19,019	17,537
Cash consideration	11.1	25,000	25,000	25,000

Source: RSM Analysis

- 12.3 Our assessment of the Fair Market Value of the Consideration is greater than our assessment of the aggregate Fair Market Values of DWX and Cloudten, prior to the Proposed Transaction.
- 12.4 We note that the Offer Consideration of \$25 million represents an implied EBITDA multiple of 10.1 times which is higher than our assessed multiple range derived from comparable trading multiples at the date of this Report and historic transactions in the Australian market for cybersecurity businesses.
- 12.5 In the absence of any other relevant information, we consider the Proposed Transaction to be fair to the Shareholders of VOR.

13. Is the Proposed Transaction Reasonable?

13.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of VOR if the Proposed Transaction does not proceed;
- Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of VOR if the Proposed Transaction does not proceed

13.2 If the Proposed Transaction does not proceed, the Board has stated that it will continue to pursue other acquisition opportunities to complement its organic growth strategy. It is likely that additional capital would need to be raised to fund such acquisitions, which could lead to dilution for existing Shareholders.

13.3 Organic growth is expected to be driven through targeting, winning, maintaining and expanding key clients accounts through taking a greater overall share of the client's IT budget.

13.4 Prior to being approached by CyberCX, VOR had been actively assessing acquisition opportunities in the market for over 12 months, with a focus on identifying and acquiring synergistic and earnings accretive bolt-on companies. A target of one to two acquisitions in the twelve months from May 2020 had been set by the VOR Board.

13.5 The focus of the strategy has been to find and execute:

- Value accretive acquisition opportunities;
- Target companies with complementary services in IDAM, cloud services and other closely related services; and
- Target companies that have an enterprise customer base given VOR's large enterprise and government customer base, maximising cross and up-sell opportunities.

13.6 Whilst a number of acquisition opportunities have been identified, the following challenges have limited successful execution of those opportunities:

- There are limited enterprise focused acquisition targets available at a size that VOR would be able to fund; and
- There is a highly competitive pricing landscape for assets due to the existence of 2 – 3 aggressive aggregators in the sector, including CyberCX, which has created significant competitive tension.

Advantages and disadvantages

13.7 In assessing whether the Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Shareholders.

13.8 The key advantages of the Proposed Transaction are:

Advantages

The Proposed Transaction is fair to Shareholders as set out in Section 12.

The Proposed Transaction is a 100% upfront cash offer and does not require external financing to complete, providing Shareholders with certainty.

The cash consideration of \$25 million received by VOR will enable the Company to assess acquisition opportunities in the same sector or pursue new business opportunities. The Company has also proposed an equal access share buyback utilising up to \$20 million of the consideration, should Shareholders wish to realise their investment in VOR.

The Offer Consideration represents a 1.8 times return on the total acquisition price paid by VOR for DWX and Cloudten of \$13.7 million.

13.9 The key disadvantages of the Proposed Transaction are:

Disadvantages

The Shareholders of VOR will no longer be in a position to benefit from the future growth and financial performance of DWX and Cloudten.

VOR's portfolio of assets will be less diversified post the Proposed Transaction with only a passive investment in TSI India, which may not suit Shareholder investment strategies.

Shareholders of VOR will no longer have exposure to the fast-growing cybersecurity consulting sector, which is predicted to experience significant increases in revenue in Australia over the next few years.

The liquidity of VOR shares may be adversely impacted by the disposal of its two core operating businesses, however, the proposed Buyback will provide Shareholders with an effective mechanism to realise their shareholding if they choose.

Alternative Offers

13.10 At the date of this Report, we are not aware of any alternative offers for DWX and Cloudten.

Conclusion on Reasonableness

13.11 In accordance with the guidance in RG 111, if a Proposed Transactions is fair then it is reasonable. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Shareholders of VOR.

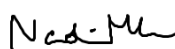
13.12 Notwithstanding the above opinion, Shareholders may consider that the Proposed Transaction is not in their best interests and wish to retain their interest in DWX and Cloudten through their shareholding in VOR. Shareholders may also consider that there is potential for a superior proposal to be made for DWX and Cloudten in the future. The Company will not be able to proceed with the Proposed Transaction if Shareholders vote against it.

13.13 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

N MARKE



Director

J AUDCENT



Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Vortiv Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of Vortiv Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Draft Notice of Meeting;
- Non-Binding Indicative Offer Letter from CyberCX dated 5 October 2020;
- Audited financial statements of Vortiv Limited for the years ended 31 March 2018, 31 March 2019 and 31 March 2020;
- Vortiv consolidation workbook as at 31 March 2019 and 31 March 2020;
- Management monthly financials of Decipher Works Pty Ltd and Cloudten Industries Pty Ltd for the years 31 March 2019 and 31 March 2020 and the quarter ended 30 June 2020;
- FY21 databook for Cloudten and DWX;
- Revenue by customer analysis of Cloudten and DWX July 2018 to June 2020;
- Vortiv Limited Investor Presentation August 2020;
- Vortiv Limited Shareholder register at 12 October 2020;
- BDO Advisory (WA) Independent Valuation Report of investment in TS India dated 10 June 2020;
- Share Sale Agreement (Cloudten) dated 12 December 2018;
- Share and Sale Purchase Agreement (DWX) dated 15 August 2017;
- Board minutes of Vortiv in relation to Proposed Transaction;
- IBISWorld Specialised Industry Report OD4050 IT Security Consulting in Australia;
- Australian Cyber Security Centre Annual Cyber Threat Report July 2019 to June 2020;
- Vortiv ASX announcements;
- S&P Capital IQ database; and
- Discussions with BDO and Mr Jeffrey Lai.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
AWS	Amazon Web Services
Cloudten	Cloudten Industries Pty Ltd
Company	Vortiv Limited
Control basis	As assessment of the Fair Market Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
CyberCX	CyberCX Pty Ltd
Directors	Directors of the Company
DWX	Decipher Works Pty Ltd
EBITDA	Earnings before interest, tax, depreciation and amortisation
Explanatory Statement	The explanatory statement accompanying the Notice
EV	Enterprise Value
Fair Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
IDAM	Identify and Access Management
IER	This Independent Expert Report
LTM	Last twelve months to 30 June 2020
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Proposed Transaction	The sale of DWX and Cloudten for CyberCX for \$25 million cash
Report	This Independent Expert's Report prepared by RSM dated 15 October 2020
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd

S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or VOR Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
TS India	Transaction Solutions International (India) Private Limited
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VOR	Vortiv Limited
VWAP	Volume weighted average share price

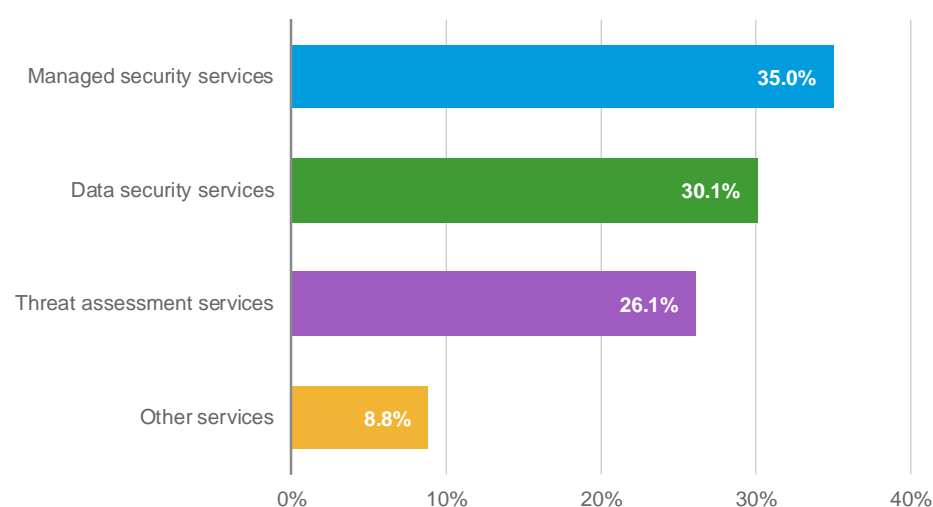
D. INDUSTRY OVERVIEW

IT Security Consulting in Australia¹

Industry definition

The IT Security Consulting industry offers managed IT security services. These services include firewall and intrusion prevention, security threat analysis and proactive security vulnerability and penetration testing. Industry services also include incident preparation and response, including IT forensics.

The IT Security Consulting industry services predominantly involve preventing electronic data security breaches. The total industry revenue of \$5.2 billion was derived through the products and services in the figure below:



Current performance

Information technology has been playing an increasingly important role in the Australian economy over the past five years. The IT Security Consulting industry determined growth at an annualised 8.3% over the five years through 2019-20, to \$5.2 billion. Revenue is anticipated to grow by 14.3% in the current year due to growing regulations surrounding data creation and usage.

The easy accessibility to smart phones and high-speed internet by consumers has resulted in the growing prevalence of data breaches and cyberattacks, fuelling demand for IT security consultants. Overall, industry revenue is forecast to rise at an annualised 4.2% over the five years through 2024-25, to \$6.4 billion.

¹IBISWorld Report OD4050 – IT Security Consulting in Australia, September 2019

Key external drivers

The IBISWorld key demand determinants impacting the industry can be summarised as follows:

Demand from computer system design services

Many large organisations that house sensitive customer information and use enterprise-specific software depend on industry services to ensure their data is protected from unauthorised access. IT security services are generally outsourced by organisations as it enables them to devote more of their resources towards core operations and obtain specialty security services. However, as companies continue to integrate more services online, it may become more economical for companies to maintain in-house IT security teams instead, potentially threatening industry revenue growth.

Capital expenditure on computer software

Companies that make extensive use of information technology in their own operations, including larger computer systems and more complicated networks, also require security support for these systems.

Internet subscribers

Broadband and mobile internet connections have been widely adopted over the past five years, reflecting the increasing proportion of business transactions conducted online. This has led to greater demand for cloud computing security solutions, which have been a key driver of industry growth over the period.

Number of businesses

The number of businesses in Australia is a key demand determinant for IT security consulting services. Larger businesses and government bodies are increasingly allocating more funds to improving the security of their digital systems, which can contain sensitive proprietary or customer information.

Barriers to entry

IBISWorld has characterised barriers to entry for the industry to be medium with an increasing trend. Low start-up capital is required beyond costs to purchase operating systems and other software and hardware. The industry is heavily characterised by a high knowledge base stemming from both a technical and business orientated perspective.

The majority of large clients are represented by multinational corporations. Most industry players are expected to be small or medium enterprises that offer a limited range of services. Many of these firms target niche markets in various areas of specialisation.

Industry outlook

IBISWorld expects that further technological advancements over the next five years, such as the continued rollout of the NBN network, are expected to support ongoing demand for the industry's services by uncovering gaps in security infrastructure.

However, some large corporations are anticipated to move their security operations in-house over the next five years to exercise greater control over their security, which is likely to partly constrain industry revenue growth.

IBISWorld projects that attacks with viruses and Trojan Horses will rise over the next five years, with ransomware anticipated to become the leading threat to personal computers over the same period. Attacks on corporations are also expected to become more focused and larger in size, as the volume of proprietary and personal data on computer servers increases.

Australia's Cyber Security Strategy 2020²

Between 1 July 2019 and 30 June 2020, the Australian Cyber Security Centre ("ACSC") responded to 2,266 cyber security incidents. Cyber incidents targeting Australian businesses can cost the economy up to \$29 billion per year, which is approximately 1.9% of Australia's gross domestic product.

In August 2020, the Australian Government committed to investing \$1.67 billion over ten years in cyber security, through the Australian Cyber Security Strategy 2020 ("the Strategy"). This investment includes the \$1.35 billion Cyber Enhanced Situational Awareness and Response package.

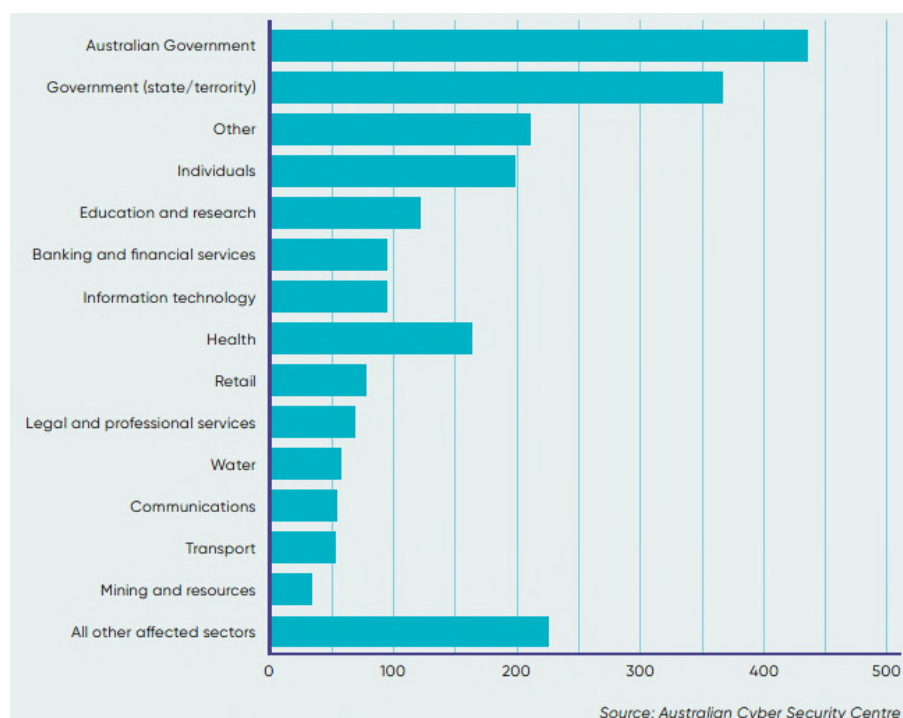
The Strategy aims to:

- develop new cyber security and law enforcement capabilities;
- build trust in the digital economy;
- assist industry to protect themselves and their customers; and
- and support and raise the community's understanding on how to be secure online.

The Strategy will also provide for the government and large businesses to assist small and medium enterprises to grow and increase their cyber security capability and awareness.

Cyber criminals took advantage of COVID-19 to target businesses and families, including health and medical research facilities. Between 10 March and 26 March 2020, the ACSC received over 45 pandemic themed cyber security incident reports. During the same period, the Australian Competition and Consumer Commission's Scamwatch received over 100 COVID-19 themed scam reports.

The figure below breaks down the cyber security incidents, by sector, between 1 July 2019 and 30 June 2020:



²Australian Cyber Security Centre Annual Cyber Threat Report July 2019 to June 2020

E. COMPARABLE COMPANIES

Comparable Companies	Business description
CPT Global Limited	CPT Global Limited, together with its subsidiaries, provides information technology (IT) consultancy services for federal and state government, banking and finance, insurance, telecommunications, and retail and manufacturing sectors in Australia, Asia, Europe, North America, and South America. The company offers digital consulting, capacity planning, cost reduction, mainframe and midrange performance, project and program management, technical support, and management IT services, as well as management, functional, and automation testing services. It also provides transformation services, including strategic advisory, DevOps and release automation, customer experience, architecture and road mapping, robotic process automation, and workforce efficiency services; and assurance-delivery services, such as capacity planning and forecasting, environment and data management, QA and testing, performance testing, program and project leadership, benefits realization, real time payment systems, and implementation readiness services. In addition, the company offers assurance-operations services comprising IT service management, capacity management, stability and availability, performance monitoring and metrics, operational capability maturity, and business and service continuity services. Further, it provides optimization services, including mainframe optimization and cost reduction, cloud migration and optimization, lifecycle management, legacy migration, performance tuning and engineering, and mainframe modernization services. CPT Global Limited was founded in 1993 and is headquartered in Docklands, Australia.
Cirrus Networks Holdings Limited	Cirrus Networks Holdings Limited, together with its subsidiaries, provides information technology (IT) services and related third-party products in Australia. The company offers business and technology consulting services; and integration services, such as connectivity and communications, data center, collaboration, security, infrastructure, and managed services, as well as, project management and people services. Cirrus Networks Holdings Limited was founded in 2003 and is based in Perth, Australia.
CPT Global Limited	CPT Global Limited, together with its subsidiaries, provides information technology (IT) consultancy services for federal and state government, banking and finance, insurance, telecommunications, and retail and manufacturing sectors in Australia, Asia, Europe, North America, and South America. The company offers digital consulting, capacity planning, cost reduction, mainframe and midrange performance, project and program management, technical support, and management IT services, as well as management, functional, and automation testing services. It also provides transformation services, including strategic advisory, DevOps and release automation, customer experience, architecture and road mapping, robotic process automation, and workforce efficiency services; and assurance-delivery services, such as capacity planning and forecasting, environment and data management, QA and testing, performance testing, program and project leadership, benefits realization, real time payment systems, and implementation readiness services. In addition, the company offers assurance-operations services comprising IT service management, capacity management, stability and availability, performance monitoring and metrics, operational capability maturity, and business and service continuity services. Further, it provides optimization services, including mainframe optimization and cost reduction, cloud migration and optimization, lifecycle management, legacy migration, performance tuning and engineering, and mainframe modernization services. CPT Global Limited was founded in 1993 and is headquartered in Docklands, Australia.
Data#3 Limited	Data#3 Limited, together with its subsidiaries, provides information technology (IT) solutions primarily in Australia. It offers cloud solutions, such as public cloud services and modern data centers; modern workplace solutions, including digital workspace, collaboration, enterprise networks, systems management, and printing; security solutions comprising cloud and network security, identity and access management, data security and privacy, and security monitoring and analytics; data and analytics solutions, including business intelligence and customer management; and connectivity solutions comprising IT-OT networking, and software-defined and wireless networks. The company also provides consulting, procurement, project, support, and recruitment and contract resourcing services. Data#3 Limited was founded in 1977 and is headquartered in Brisbane, Australia.
DWS Limited	DWS Limited provides information technology (IT) services to corporations and government bodies in Australia and New Zealand. The company offers IT consulting, managed application, program and project management, customer driven innovation, digital transformation, data and business analytics, strategic advisory and productivity, and robotic process automation services. The company serves government and defence, banking and finance, utilities, transport, healthcare, IT and communication, FMCG and retail, resources, and other sectors. DWS Limited was founded in 1991 and is headquartered in Melbourne, Australia.

Empired Limited	Empired Limited provides information technology solutions in Australia, New Zealand, and the United States. The company offers integrated solutions, such as cloud, enterprise content management, customer relationship management, data insight and business intelligence, digital and experience design, enterprise resource planning, expert guidance, identity and access management, infrastructure transformation, change management, Internet of Things, managed infrastructure, mobile solution, application, project management office, office accelerator, spatial, system integration, and unified communication services, as well as Azure managed services. It serves clients in various industries, such as automotive, education, financial services and insurance, health, mining, oil and gas, and retail and manufacturing, as well as serves public sector and utilities. Empired Limited was founded in 1999 and is headquartered in Perth, Australia.
Hills Limited	Hills Limited supplies technology solutions to the health, security, surveillance, and IT markets in Australia and New Zealand. The company operates through Hills Health Solutions and Hills Distribution. It offers security products, such as CCTV and surveillance products, analogue HD cameras, bundle kits, encoders and decoders, IP cameras, lighting, monitors, networking and transmission, recorders, video analytics, and video management software; access control and intrusion products, including access control peripherals and systems, alarm accessories, alarms and intrusion, asset management, batteries and power supplies, cable fire and security, detectors, home integrated systems, intercom systems, locking, security connectors, structured cabling, and wireless security; and fire panels and detectors, fire panel accessories, fire modules, fire speakers strobes, fire miscellaneous, fire suppressions, and fire extinguishers and blankets. The company also provides firewall and cybersecurity, switches, routers, IOT, WIFI, fixed wireless, and computers and display products; and nurse call and patient engagement solutions. The company was formerly known as Hills Holding Limited and changed its name to Hills Limited in December 2013. Hills Limited was founded in 1945 and is headquartered in Lidcombe, Australia.
Future First Technologies Limited (formerly PS&C Limited)	Future First Technologies Ltd engages in the provision of information technology services primarily in Australia. The company operates in two segments, People and farmbuy.com. The People segment is involved in sourcing and providing specialist consultants to customers for medium and long-term ICT projects. The farmbuy.com segment provides digital advertising and marketing services to Australian agriculture and real estate companies. The company was formerly known as PS&C Limited and changed its name to Future First Technologies Ltd in October 2020. Future First Technologies Ltd was founded in 2013 and is headquartered in Melbourne, Australia.
RXP Services Limited	RXP Services Limited provides information and communications technology consulting, development, support, and maintenance services in the Asia-Pacific Region. The company offers innovation, customer experience and service design, mobile and app development, talent solutions, and user experience services; and application and cloud development, architecture and solutions design, bots and intelligent applications, and customer relationship management services, as well as digital experience platforms, DevOps solutions, and Internet of Things. It also provides advisory, solutions, and enterprise architecture; business analysis and process; capability uplift, learning, and development; change management; and project and delivery services. In addition, the company offers BI, reporting, analytics, and visualization; data governance; data management and migration; data quality; data integration and delivery; master data management and product information management; and strategy and architecture solutions, as well as data warehouses, marts, and lakes. Further, it provides process transformation, enterprise mobility, and field service management services; and strategic and support services, as well as delivery as a service. RXP Services Limited was incorporated in 2010 and is based in Melbourne, Australia.
Tesserent Limited	Tesserent Limited provides a range of Internet security services in Australia and internationally. The company operates through three segments: Pure Security Group, North, and IT Security Managed Services. Its Internet security services include Internet Security-as-a-Service, security penetration testing, consulting, and software licensing. The company offers managed security services, including managed firewall, managed security information and event management, email filtering and security, web filtering and security, data center and colocation, and threat hunting. It also provides security consulting services, such as security audit, security culture as a service, and penetration testing; connectivity solutions, including point-to-point and multi-point internet services, as well as managed SD-WAN that combines public and private networks into a single, agile, and virtualized solutions; and operates security operations center. The company serves education, manufacturing, transport and logistics, finance, insurance and legal, and government sectors. Tesserent Limited was incorporated in 2015 and is based in Box Hill, Australia.
The Citadel Group Limited	The Citadel Group Limited, a software and services company, provides software platforms, digital services, and managed services solutions in Australia and internationally. It operates in five segments: Health, Technology, Enterprise Solutions, Professional Services, and Wellbeing. The company primarily offers term managed, software as a service, product sales and installation, consulting, and professional services. It also provides education, specialist consulting and human resource, technology and integration, knowledge management and advisory, systems integration and software development, data management, and information and communications technology managed services, as well as oncology patient management software. Additionally, the company offers radiology and maternity workflow solutions, and health software services. It serves

customers in the e-health, defence and national security, government, and tertiary education sectors. The company was founded in 2007 and is based in Symonston, Australia.

THE POWER OF BEING UNDERSTOOD

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2020 EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Vortiv Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairman of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chairman of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Extraordinary General Meeting of the Company to be held **at Rokeby Room, BDO Australia, Ground Floor, 38 Station Street, Subiaco, Western Australia on 11 December 2020 at 12:30 pm (WST)** and at any adjournment or postponement of that Meeting.

CHAIRMAN'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chairman intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chairman may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolution

1 DISPOSAL OF MAIN UNDERTAKING

For Against Abstain*

☐ ☐ ☐


* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chairman as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chairman may vote as he sees fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 12:30 pm (WST) on 9 December 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033