

## Corporate Update

- **TSI India update**
- **Acquisition opportunities continuing to be pursued**
- **Completion of return of capital payments**

Vortiv Limited (ASX: VOR or “the Company”) is pleased to provide this update to the market.

Vortiv continues to hold its 24.89% investment interest in Transaction Solutions International (India) Private Limited (“TSI India”). This investment is held alongside CX Partners (an Indian private equity company).

### **TSI India business overview**

TSI India’s core business is the ownership and servicing of cash ATM machines within India. As a result of increased regulations of the banking sector by the Indian Government and the desire to reduce costs of running their ATM operation, the TSI India team have built an in-house E-Surveillance business, ([www.tsiplc.com](http://www.tsiplc.com)) and this business is also contracting to 3<sup>rd</sup> party ATM operators. TSI India management have advised the Company that approximately 5% of TSI India income is now being contributed from this internal business unit. TSI India management believe this segment of the business will continue to grow as the Indian Government is expected to force more banks to utilize this style of monitoring service. Additionally, due to inconsistent power in many ATM locations throughout India, the TSI India team have also built a bespoke Power Management solution, ([www.tsiplc.com](http://www.tsiplc.com)). With a view of diversification away from a full reliance on ATM commission income, TSI India is moving into enabling last mile cash payments through integration of service providers on in-house built platform “i-pay”. TSI India have integrated more than a dozen service providers covering domestic and international money remittances, electronic bill payments, hotel bookings, train and air tickets and insurance with a distribution network of more than 6000 merchants. TSI India management is taking these steps to strengthen their position as Banking Infrastructure and Transaction Processing provider and predict the future for TSI India is to move towards becoming a payment bank over the next five (5) to seven (7) years.

### **TSI India ATM managed services business quarterly performance**

TSI India management has again reported during the quarter ending 31 March 2021, with unaudited revenue of \$13.5 million and Underlying EBITDA of \$3.8 million. This builds on the strong results of last quarter for the business.

| AU\$000                  | FY20    | Q1 21   | Q2 21  | Q3 21  | Q4 21  | FY21   | Y-o-Y change |
|--------------------------|---------|---------|--------|--------|--------|--------|--------------|
| Revenue                  | 46,812  | 9,401   | 12,309 | 13,475 | 13,518 | 48,702 | 1,890        |
| Underlying EBITDA        | 1,848   | 322     | 3,149  | 3,350  | 3,767  | 10,588 | 8,741        |
| Profit/(loss) before tax | (4,352) | (1,729) | 992    | 1,181  | 1,505  | 1,948  | 6,301        |

- (1) The exchange rate used is based on a standard of AUD1:INR50 over the past two financial years. It is noted that the rate has increased in the past 6 months. However, a consistent exchange rate has been used for the purposes of comparison across the reported periods.
- (2) Underlying EBITDA excludes one-off ATM logistics costs to decommission and dispose of the old ATMs during the upgrade programme. One-off costs amount to \$0.93m in FY20, \$0.05m in Q1 21 and \$0.16m in Q2 21.

The 12 months (unaudited) management reports, issued by TSI India management, as at 31 March, 2021 show that total revenue has increased by 4% to AUD \$48.7 million, total expenses have decreased by 8% and profit before tax has increased by 145%, to AUD \$6.3 million, with Underlying EBITDA increasing 473% to \$8.7 million. This increase in profit before tax and EBITDA is significant in percentage terms and the Company spent time discussing this substantial increase with TSI India management and some additional commentary is provided below.

TSI India advised the Company that there were three key reasons for the significant increase in profit before tax over the past twelve months:

1. Commission rebate for ATM withdrawals was increased by 25%.
2. \$5m CAPEX expenditure for upgrade of new ATM's has resulted in reduced maintenance costs.
3. Purchase of additional ATM's.

There has been a 76% increase in the Term Loan (Secured) and a 37% decrease in the Finance lease obligations, resulting in a total decrease in long-term borrowings of 9%. With long term borrowings now at AUD \$14.5 million. Total liabilities have decreased by AUD \$5.2 million and total assets have decreased by AUD \$3.2 million.

In relation to TSI India's service offering and strategy

- Management consider its ATM product has technological advantages through its E-Surveillance function and bespoke power management solution.
- The management team continue to focus on growing the payments business which also utilises kiosks.
- Management advise that they are seeking additional portfolios of ATM machines to purchase from other independent ATM operators.

Consistent with prior years, the Company has engaged a global accounting firm to undertake an independent valuation of its investment in TSI India which will be incorporated into the 2021 Annual Financial Report.

Since being appointed, the directors of the Company have been actively investigating options for the Company's investment in TSI India and we will keep Shareholders up to date as these discussions and explorations continue.

The Board has endorsed Nicholas Smedley to be appointed as the Company's representative on the TSI India Board.

## **Potential acquisition and investment opportunities**

In addition to its interest in TSI India, the Company continues to seek acquisition opportunities and is focused on progressing a transaction as quickly as possible.

## **Completion of return of capital payments**

The equal capital reduction payment was made to shareholders on 30 April 2021. As per the Company's announcement on 3 May 2021, an amount was required to be withheld from payments to those shareholders that are either non-residents or who had not provided their tax file number to the Company's share registry. The Company is required to finalise its annual accounts prior to formally seeking a determination from the Australian Taxation Office (ATO) as to the tax treatment of the capital reduction payment. Once the determination has been received from the ATO, a further payment will be made to affected shareholders net of any withholding amounts required by the ATO.

Authorised for release by  
**Board of Directors, Vortiv Ltd**

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