



# VORTIV

**SECURING AN OPPORTUNITY TO PARTICIPATE IN THE RAPIDLY GROWING INDIAN  
FINTECH AND PAYMENTS SECTOR**

**DECEMBER 2021**

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# Executive Summary

Vortiv has reached an agreement to acquire an additional 65% of the shares in TSI India, to bring total ownership in a leading Indian ATM managed services provider to 90%. Vortiv is raising A\$10.5M (less costs) to fund the acquisition, pursue organic growth initiatives for TSI India and provide working capital for the Company.

## Transaction Overview

- Acquisition of 65.11% of shares in Transaction Solutions International (India) Private Limited (TSI India)
- Total shareholding in TSI India post acquisition of 90%, TSI India's management to retain 10%
- Purchase price of A\$4.1M<sup>1</sup>, representing a 0.8x FY21 EBITDA multiple and 0.1x revenue multiple
- The Transaction is expected to complete on 31 January 2022

## About TSI India

- Founded in 2005, core operations are the ownership and servicing of over 14,000 ATMs
- TSI India also provides; surveillance services and energy management solutions to its clients and third party ATM operators, payment kiosk solutions and online payment platform solutions
- TSI India was previously 100% owned by Vortiv Limited

## Strategic Rationale

- TSI India provides Vortiv's shareholders with the opportunity to acquire a leading ATM managed services operator in the high growth cash economy of India (16% 4Y CAGR of currency in circulation)
- The business's strong earnings profile provides investors with short payback on investment
- Additional investment will be used to pursue organic growth initiatives (product & channel development)
- Provides platform for follow-on complementary Fintech acquisitions, focused on developed markets

## Financials

- Vortiv's pro forma FY21 revenue and EBITDA including TSI India, before adjusting for management's non-controlling interest, would have been A\$46m and A\$8.3m respectively
- Growth in revenue and EBITDA is expected into FY22F

## Fund Raising

- Vortiv is seeking to raise A\$10.5m of equity capital
- This will be used to fund the acquisition and transaction costs, pursue organic growth initiatives for TSI India and provide working capital for the Company

Note: (1) AUD equivalent of the 21.75 CROW purchase price, based on the exchange rate as at 2 December 2021, AUD equivalent price may be subject to change

# Strategic Rationale

*TSI India provides Vortiv's shareholders with the opportunity to acquire a leading ATM managed services operator in the high growth cash economy of India. A strong earnings profile provides investors with a short payback period. Additional investment will be used to pursue organic growth and the acquisition provides strategic focus to embark on complementary Fintech acquisitions in developed markets.*

## **ESTABLISHED OPERATOR OF SCALE ACROSS INDIA**

### **14,000 ATMs MANAGED**

TSI India has reach across the most densely populated states across India, with established strategic relationships with a variety of major banking organisations

With market share of ~6% of ATMs managed throughout India, a meaningful footprint with the ability for continued growth exists

## **GROWING MARKET**

### **16% 4Y CAGR**

of currency in circulation in India to 29.2 trillion INR at September 2021

Continued strong growth is expected as India remains primarily a cash economy

Global ATM market expected to grow by ~7% annually to US\$28.2 billion by 2024

## **SIGNIFICANT CASH EARNINGS**

### **A\$8M EBITDA**

generated by TSI India in FY21 from A\$46M in revenue, with FY21 EBITDA forecast to be outperformed in FY22

Relatively low levels of replacement capital expenditure and working capital sees strong free cash flow generation from operations

In acquiring 90% Vortiv has the ability to consolidate all of TSI India's earnings and receive 90% of the benefit of the cash flows

## **SHORT ROI**

### **SHORT PAYBACK PERIOD**

An appropriately priced purchase price of A\$4.1 million to take Vortiv's ownership to 90% provides investors with a short payback period

Purchase price represents 0.8x EBITDA and 0.1x Revenue

## **LEVERAGE HISTORICAL INVESTMENT INTO ADJACENT MARKETS**

Leverage success and anticipated growth in TSI India for further organic growth

Historical investment in adjacent solutions (surveillance, monitoring & e-payments) can be capitalised on with further investment

Investment in new markets with similar dynamics (subcontinent, Asia and Middle East) provides additional growth potential

## **PLATFORM FOR FURTHER FINTECH ACQUISITIONS**

Leverage a strong balance sheet and earnings base to pursue complementary acquisitions across the Fintech ecosystem

Increasing attractiveness to use Vortiv scrip as consideration with Vortiv's strategic focus on the Fintech sector

A growing pipeline of acquisition targets exists particularly in priority markets for growth being Australia, the UK and USA

# About TSI India

*TSI India was founded in 2005 and specialises in providing solutions in the payments, electronic surveillance and managed services space.*



Facilitates 500 million transactions p.a.



Owens and/or manages 14,000+ ATMs



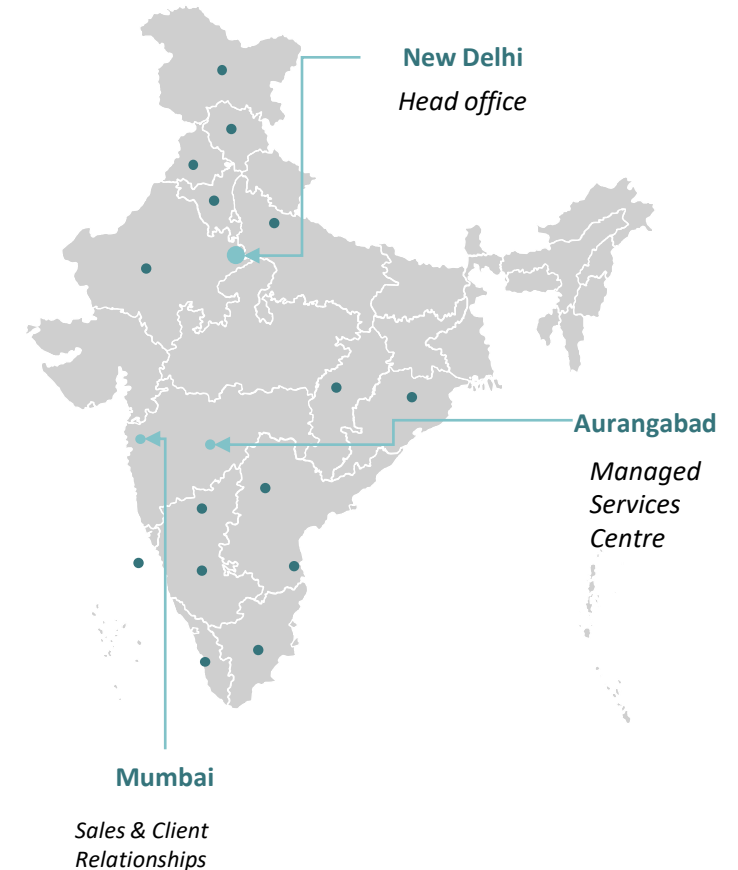
Serves 14 major banks + 4 major utilities



Manages nearly 5,000 e-surveillance units



Provide services to 6,000 i-Pay merchants



# Services Offering

*TSI India's core business is the ownership and servicing of ATM machines within India as well as other services including electronic surveillance, power management and other payment solutions.*

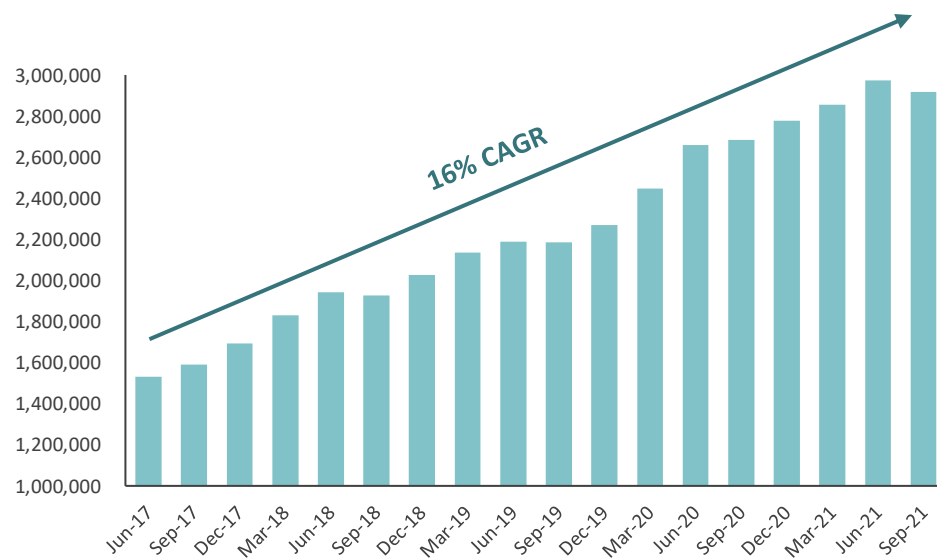
ATM Managed Services	E-Surveillance and Energy Management	BillPay	i-Pay
<p>Ownership and servicing of ATM machines</p> <p>Uniquely positioned as the only service provider that provides backend services to White Label ATM operators</p> <p>Unified service suite provides a strong case for global outsourcing of ATMs to India</p>	<p>Only ATM services provider with an in-house electronic surveillance offering</p> <p>Provides live monitoring of sites and event based alerts</p> <p>Energy management solution is a bespoke service provided due to inconsistent power in many ATM locations</p>	<p>BillPay kiosks facilitate execution of bill payments and allow for instant settlement</p> <p>Kiosks are deployed exclusively for electricity companies with scope for growth in additional utilities</p> <p>Plan to create a digital payment infrastructure to create convenience for both cash and non-cash transactions</p>	<p>Internally developed web-based payment platform</p> <p>Allows for domestic money transfer, bill payments, forex, cash withdrawal and more</p> <p>Vision to build an ecosystem to drive financial inclusion</p>
TSI operates 14,000+ ATMs across India	TSI services 4,800 sites for multiple banks.	TSI has 100+ BillPay kiosks across Delhi, Mumbai and Rajasthan	The i-Pay platform is used by 6,000+ merchants

# Market Opportunity

*TSI India management estimates that the current market for its services totals USD \$2.7 billion per annum. TSI India's future growth will be supported by the continued growth in the currency in circulation and the number of ATMs across India.*

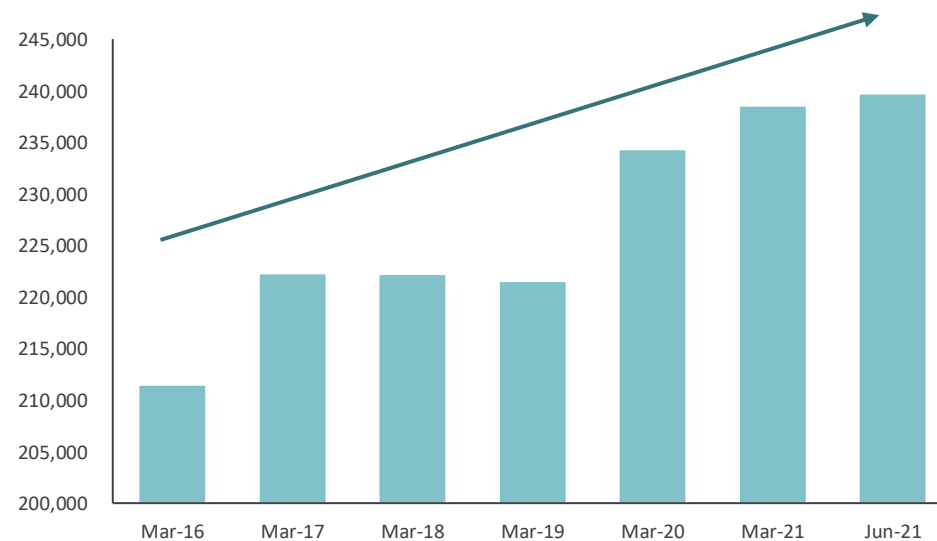
TSI's Service Offering	Current Market Opportunity
ATM Managed Service Suite	US\$1.3bn p.a.
E-Surveillance Solutions	US\$0.9bn p.a.
Digital Payment Products	US\$0.5bn p.a.

Currency in circulation (in Cr.)



Source: Reserve Bank of India – Quarterly data releases

Number of ATMs India

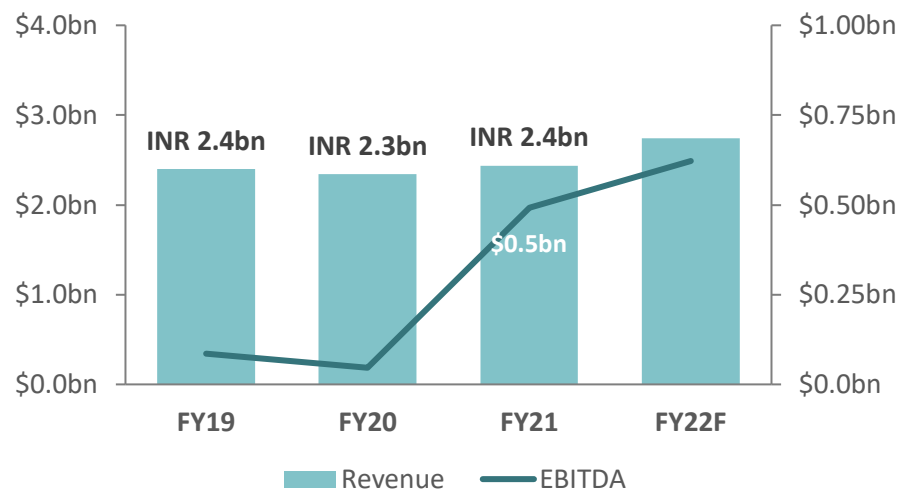


Source: Reserve Bank of India - BANKWISE ATM/POS/CARD STATISTICS

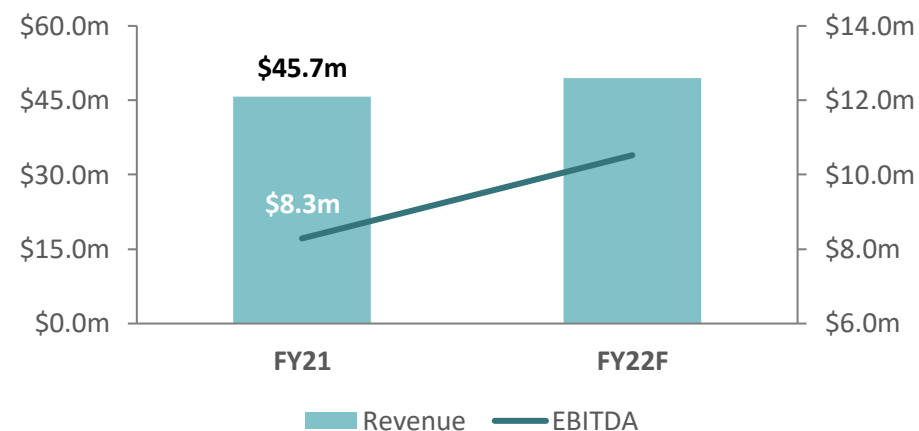
# Pro Forma Financial Information

The pro forma financial information assumes that the Transaction occurred on 1 April 2020. This demonstrates EBITDA of A\$8.3 million in FY21 with growth expected into FY22F, before adjusting for non-controlling management interests.

## TSI India (in INR)<sup>2,3</sup>

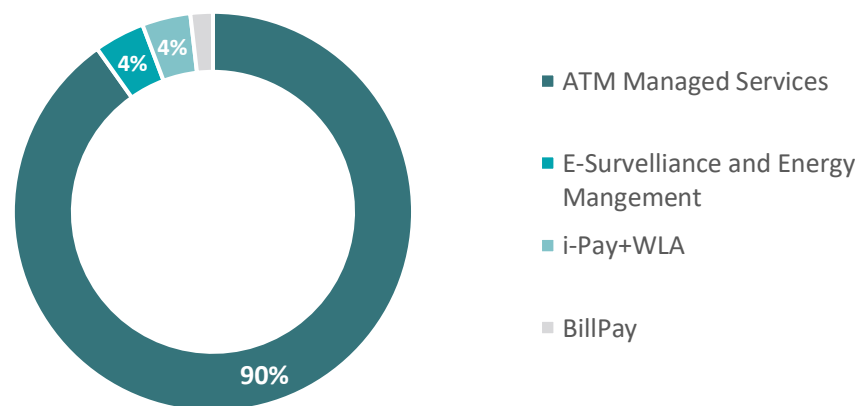


## Vortiv Pro Forma (in AUD)<sup>4,5,6</sup>



Strong EBITDA uplift post-acquisition in comparison to FY21 Statutory EBITDA loss of \$0.9m (excluding discontinued operations).

## Revenue split by service (FY21)



### Notes:

- 1: FY## refers to a financial year ending 31 March 20##
- 2: Financial information of TSI India presented in Indian Rupee.
- 3: TSI India's financial information is subject to audit and prepared based on Indian GAAP.
- 4: Not adjusted for management's 10% non-controlling interest in TSI India
- 5: Vortiv's exited cybersecurity operations have been excluded from the pro forma financial information. These were reported as discontinued operations in the Audited Financial Statements for FY21.
- 6: The pro forma financial information has been provided to present investors with Vortiv's financial results as if TSI India had been consolidated for each of the financial years.



# Vortiv's Growth Strategy

*Vortiv acquisition of a majority interest in TSI India will act as a platform to support Vortiv's strategy to expand TSI India's current operations geographically and to pursue complementary Fintech acquisitions in developed and developing markets.*



## Acquire a controlling interest in TSI India

- ✓ Previously owned 100% of TSI India
- ✓ Hence, Vortiv has a deep understanding of the business and its market
- ✓ TSI will be the platform for future growth and investments



## Product and channel development

- ✓ Further development and commercialisation of solutions
- ✓ Focus of i-Pay to penetrate the growing digital money transfer ecosystem through partnerships with government, retail & hospitality businesses and financial institutions
- ✓ Leveraging the existing surveillance and energy management capability into current ATM managed services clients (banks)



## Geographic expansion

- ✓ Vortiv will look to build on TSI's success in India in other emerging markets across Asia and the Middle East
- ✓ This expansion will be both organic and through acquisitions and focus on developed and developing markets



## Strategically pursue complementary acquisitions

- ✓ Vortiv is assessing a pipeline of complementary acquisition opportunities
- ✓ These acquisitions will target developed markets such as AUS, the UK and the US

# Fund Raising

*Vortiv is seeking to raise A\$10.5m of capital which will be used to execute the acquisition of TSI India, drive the future growth of TSI India, provide working capital for the Company and fund transaction costs.*

<b>Offer Size &amp; Structure</b>	<ul style="list-style-type: none"><li>• Seeking to raise of approximately A\$10.5m</li><li>• Via a fully underwritten 2.5 for 1 rights issue for ordinary shares in Vortiv together with a 1 for 1 listed option</li></ul>
<b>Pricing</b>	<ul style="list-style-type: none"><li>• Shares will be issued at a fixed price of \$0.03 per share</li><li>• Options will be exercisable at \$0.045, with an expiry date of two years from the date of issue</li></ul>
<b>Use of Funds</b>	<p>The funds raised will be used for:</p> <ul style="list-style-type: none"><li>• Acquiring TSI India (A\$4.1m);</li><li>• Driving growth of TSI India (A\$4.4m);</li><li>• Working capital for the Company (A\$1m); and</li><li>• Transaction costs (A\$1m).</li></ul>
<b>Completion Risk</b>	<ul style="list-style-type: none"><li>• The acquisition of TSI India is conditional on the consent of a key contract.</li><li>• Accordingly, there is a risk that consent is not obtained, in which case the Transaction will not proceed and Vortiv will need to consider alternative uses for the excess capital it holds following the completion of the Offer.</li></ul>