

QUARTERLY UPDATE AND APPENDIX 4C

- **Record receipts from customers of \$4.0 million, representing a 73% year-on-year increase**
- **Net operating cash flows of \$0.6 million, achieving seven consecutive quarters of positive cash flow**
- **Strong cash balance allows the Company to comfortably meet its C10 payment obligations**

For the quarter ended 30 September 2019, Vortiv Limited (formerly Transaction Solutions International Ltd) (ASX: VOR) (Vortiv or the Company) recorded another strong quarter in both receipts from customers and net operating cash flow.

RECEIPTS FROM CUSTOMERS

Vortiv achieved record high cash receipts from customers of \$4.0 million. This represents a 73% increase from last quarter (June 2019) and a 205% increase compared to the same period last year (September 2018).

Cash receipts of \$4.0 million are 10% lower than the expected \$4.4 million previously provided by management due to slower than expected payments by customers. Over \$480k of the receivables due in the September quarter have been collected in the first 2 weeks of October.

Figure 1: Receipts from Customers – Growth trajectory for the last 8 quarters



OPERATING CASH FLOW

Vortiv achieved net operating cash flow of \$0.6 million for the September quarter. This is also lower than the estimated \$0.9 million previously provided by management due to the impact of the lag in customer payments.

Figure 2: Operating Cash Flow – Growth trajectory for the last 8 quarters



CASH BALANCE AND NEXT QUARTER

Vortiv continues to achieve positive operating cash flow contributing to the \$1.6 million cash balance as at 30 September 2019. The Company's cash balance has been further strengthened since the end of quarter with the finalisation of a net \$2 million institutional placement (\$800k received during the September quarter, balance of \$1.2 million received in October). In addition, Vortiv has previously announced the underwriting of 119,102,950 options exercisable at 1.1 cents each expiring 7 November 2019 which will provide an additional \$1.3 million in cash to the Company.

Business outlook for both Cloudten (C10) and Decipher Works remain strong. Both businesses continue to capture new business with existing clients as well as new clients. Sales pipeline remain healthy, especially with government entities.

Management provides the following estimates for the December 2019 quarter:

Figure 3: Management Estimates for quarter ending 31 December 2019

	Dec 2019 Quarter
Opening Cash Balance as at 1 October 2019	\$1.6 million
Cash Receipts from customers	\$2.5 million*
Less Payments to employees and suppliers	<u>\$2.3 million</u>
+ Net Cash Flow from Operations	\$0.2 million
- Net Cash Flow from Investing (payment to Tranche 3 to Cloudten vendors)	(\$1.5 million)
+ Capital raising and exercise of options	\$2.5 million
= Closing Cash Balance as at 31 December 2019	\$2.8 million

* Management estimates of cash receipts in the range of \$2.2 million and \$2.8 million, affected by customer collections during the December holiday period.

For more information:

Jeffrey Lai
Managing Director
E: jlai@tsiplc.com.au

About Vortiv

Vortiv Ltd (formerly Transaction Solutions International) is a technology-based company focused on cybersecurity and cloud infrastructure and security. The Company has a 100% ownership of Decipher Works, a Sydney-based cybersecurity specialist that provides consulting and managed services to its loyal client base of financial institutions and large corporations. In addition, Vortiv owns 100% of Cloudden Industries, a cloud and cloud security specialist that assists the government, financial institutions and large corporations migrate, secure and manage their infrastructure in the cloud.

Vortiv also holds a 24.89% interest in TSI India, a company having 400 employees, which has created a scalable operation in the field of e-transactions and payments in India. TSI India owns and manages ATMs for over 30 major banks and offers Bill Payment services to a number of utility companies in India.

Forward Looking Statements

Certain statements contained in this document constitute forward looking statements. Such forward-looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. These estimates and assumptions while considered reasonable by the Company are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, achievements and performance of the Company to be materially different from the future results and achievements expressed or implied by such forward-looking statements. Forward looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. Investors are cautioned that forward looking information is no guarantee of future performance and accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

VORTIV LIMITED

ABN

98 057 335 672

Quarter ended ("current quarter")

30 SEPTEMBER 2019

Consolidated statement of cash flows	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,968	6,249
1.2 Payments		
(a) to staff	(1,799)	(3,125)
(b) to suppliers	(1,512)	(1,816)
(c) for research and development	(41)	(86)
1.3 Dividends received	-	-
1.4 Interest received/(paid)	2	5
1.5 Interest and other costs of finance paid*	(4)	(4)
1.6 Income taxes received from Cloudten vendors	-	168
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	614	1,391

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(21)	(39)
(b) businesses	(1,498)	(2,995)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(1,519)	(3,034)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	800	800
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	83	83
3.4	Transaction costs related to issues of shares, convertible notes or options	(18)	(18)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Principal elements of lease payments*	(43)	(43)
3.10	Net cash from / (used in) financing activities	822	822

*Adoption of AASB 16-Leases – Long term lease agreements previously disclosed as Commitments are now brought to the balance sheet. The interest component is reported in operating cash flows and the principal element of the lease payments are reported in financing cash flows.

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,668	2,410
4.2	Net cash from / (used in) operating activities (item 1.9 above)	614	1,391
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,519)	(3,034)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	822	822
4.5	Effect of movement in exchange rates on cash held	(12)	(16)
4.6	Cash and cash equivalents at end of quarter	1,573	1,573

See Note 1 regarding September placement completed in October.

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
		\$A'000	\$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	1,573	1,668
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,573	1,668

6. Payments to directors of the entity and their associates

**Current quarter
 \$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

81

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Managing Director's salary & directors' fees including PAYG and Super

7. Payments to related entities of the entity and their associates

**Current quarter
 \$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available
Add notes as necessary for an understanding of the position

**Total facility
 amount at quarter
 end
 \$A'000**

**Amount drawn at
 quarter end
 \$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.2 Staff payments	1,700
9.3 Supplier payments	530
9.4 Research and development	45
9.5 Other (Tranche 4 for Cloudten acquisition – see explanation in note 3 below)	1,500
9.8 Total estimated cash outflows	3,775
Receipts from customers for next quarter are estimated to be \$2.5 million	

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Cloudten Industries Pty Ltd	
10.2 Place of incorporation or registration	Australia	
10.3 Consideration for acquisition or disposal	Refer Annual Financial Report 28 June 2019	
10.4 Total net assets	1,911,195	
10.5 Nature of business	Cloud based computing consulting firm, specialising in cloud infrastructure solutions & security	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Notes

- 1 \$800,000 received in September in placement that raised \$2,000,000 (net of fees) (refer announcements 23 September and 8 October 2019).
- 2 Estimated receipts from customers for the December 2019 quarter are based on current Sold Backlog, which are contracts that are signed and to be delivered in the December quarter.
- 3 Tranche 4 Cash consideration to the previous owners of Cloudten as per the Acquisition Agreement (refer announcement 13 December 2018).

Sign here:



Director

Date: 29 October 2019

Print name: Jeffrey Lai