

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

- **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**
- **8th consecutive quarter of positive cash flow**
- **YTD cash receipts of \$9.1 million and operating cash flow of \$1.7 million (9 months)**
- **Strong cash balance allows the Company to meet all commitments**

For the quarter ended 31 December 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.

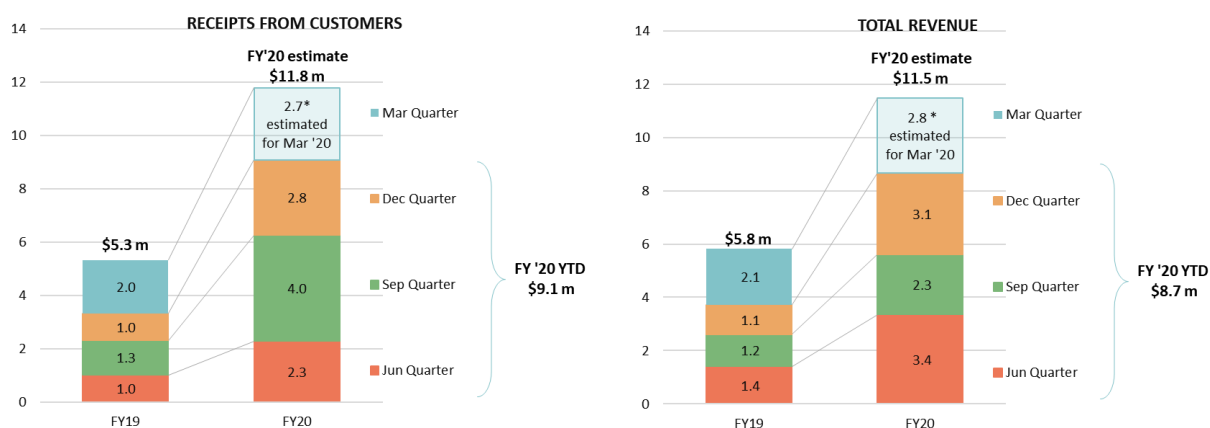
REVENUE AND CASH RECEIPTS FROM CUSTOMERS

Vortiv recorded strong cash receipts from customers of \$2.8 million. This represents a 180% increase from the same period last year (December 2018). Although cash receipts for the December 2019 quarter are lower than the record high of the September 2019 quarter, the December quarter is the second highest level ever achieved by Vortiv.

Actual cash receipts of \$2.8 million for the December quarter was at the upper end of the range previously estimated by management, an excellent result as it included the December holiday period. This results in cash receipts of \$9.1m year-to-date (9 months).

More importantly, for the December 2019 quarter, Vortiv achieved \$3.1 million in total revenue, which is a record high. Total revenue achieved year-to-date is \$8.7 million.

Figure 1: Vortiv's Receipts from Customers and Total Revenue (in \$ millions)



For the full year financial year ending 31 March 2020, management estimates to achieve cash receipts of \$11.8 million and total revenue of \$11.5 million.

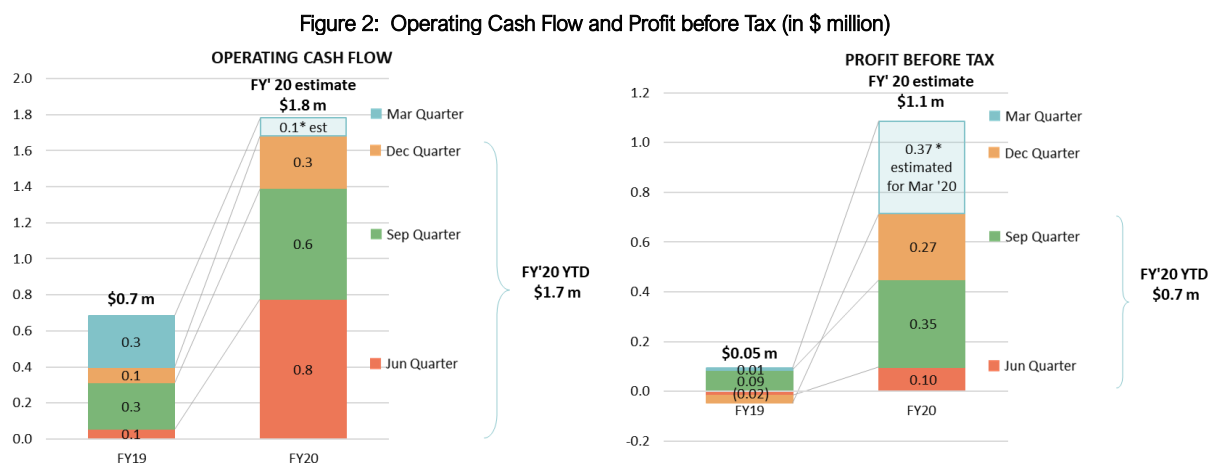
OPERATING CASH FLOW AND PROFIT BEFORE TAX

Vortiv achieved net operating cash flow of \$0.3 million for the December 2019 quarter, which is eighth consecutive quarter of positive cash flow. This is higher than the \$0.2 million previously estimated by management.

Vortiv recorded \$0.27 million in profit before tax (PBT) for the December 2019 quarter. This brings the year-to-date PBT to \$0.7 million. Management estimates PBT to increase to \$0.37 million for the March 2020 quarter.

The Company's operating cash flow from quarter to quarter can be distorted due to timing of cash receipts from clients. The distortion in operating cash flow over the last 3 quarters was more significant than usual due to the timing of a number of larger cash receipts and client prepayments for services and licenses paid in the June 2019 and September 2019 quarters. Advance cash receipts in those quarters are for work to be delivered and earned between July 2019 and June 2020.

Operating cash flow for the last 3 quarters should be viewed collectively to account for these anomalies. The cumulative operating cash flow for the last 3 quarters is \$1.7 million (9 months YTD).



CASH BALANCE AND NEXT QUARTER

Vortiv's positive operating cash flow contributes to the \$2.7 million cash balance as at 31 December 2019.

During the quarter, the Company received \$2.5 million, comprising the balance of \$1.2 from the \$2 million institutional placement announced in September 2019 and \$1.3 million from the underwriting and exercise of options in November 2019.

Management provides the following estimates for the March 2020 quarter:

Figure 3: Management Estimates for quarter ending 31 March 2020

	Mar 2020 Quarter
Opening Cash Balance as at 1 January 2020	\$2.7 million
Cash Receipts from customers	\$2.7 million*
Less Payments to employees and suppliers	<u>\$2.6 million</u>
+ Net Cash Flow from Operations	\$0.1 million
– Net Cash Flow from Investing (payment of tranche 5 to Cloudten vendors)	(\$1.1 million)
= Closing Cash Balance as at 31 March 2020	\$1.7 million

* Management estimates cash receipts in the range of \$2.6 million and \$2.9 million.

QUARTERLY BUSINESS ACTIVITIES

Cloudten & Decipher Works

During the December quarter, both Cloudten and Decipher Works continued to secure new contracts from its existing customer base as well as new clients in financial services, government, utilities and other large corporations. These contracts are expected to contribute consistent revenue to Vortiv for the next six months.

Revenue earned during the December quarter amounted to \$3 million, which represents a 30% increase compared to September quarter and was in line with the Company's estimates.

TSI India

In accordance to local regulations in India, the financial results of TSI India for the year ended 31 March 2019 were recently released by the Ministry of Corporate Affairs. The results are consistent with the assumptions used for the valuation of \$9.8 million for Vortiv's interest in TSI India as at 31 March 2019.

A summary of TSI India's financial results for the year ended 31 March 2019 (based on AUD1:INR50 exchange rate) are:

- Total revenue: \$48.9 million
- EBITDA: \$1.7 million
- Loss before tax: (\$2.5) million
- Net current assets: (\$0.8) million
- Total net assts: \$15.6 million

Corporate Matters

During the December quarter, Vortiv focused on completing the following funding exercises:

- \$2.0 million institutional placement
- \$1.3 million underwriting and exercise options
- \$0.7 million extension of convertible notes

These actions strengthened the Company's Balance Sheet and provide sufficient funds to meet all existing commitments of Vortiv, without the requirement for additional capital raising. Vortiv's proven positive cash generating businesses will add further strength to the Balance Sheet.

With the recapitalisation of the Company and continued integration of the Cloudten business, Vortiv is resuming its efforts in pursuing acquisition opportunities. Vortiv continues to pursue acquisitions that are complementary to the current business in cloud and cyber security.

Released with the authority of the Board.

For more information:

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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 Cloudten 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")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(9 months)
		\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,831	9,080
1.2 Payments		
(a) to staff	(1,786)	(4,911)
(b) to suppliers	(710)	(2,526)
(c) for research and development	(45)	(131)
1.3 Dividends received	-	-
1.4 Interest received/(paid)	2	3
1.5 Income taxes received from Cloudten vendors	-	168
1.6 Government grants and tax incentives	-	-
1.7 Other	-	-
1.8 Net cash from / (used in) operating activities	292	1,683

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(45)
(b) businesses	(1,500)	(4,495)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses	-	-

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
	(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	(1,506)	(4,540)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,200	2,000
3.2	Repayment of convertible notes	(98)	(98)
3.3	Proceeds from exercise of share options	1,310	1,393
3.4	Transaction costs related to issues of shares, convertible notes or options	(83)	(101)
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	(23)	(66)
3.10	Net cash from / (used in) financing activities	2,306	3,128

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	1,573	2,410
4.2	Net cash from / (used in) operating activities (item 1.9 above)	292	1,683
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,506)	(4,540)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,306	3,128

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(19)
4.6	Cash and cash equivalents at end of quarter	2,663	2,663

See Note 1 regarding September placement completed in October

See Note 2 regarding Options exercised

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,663	1,573
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)	2,663	1,573

6. Payments to directors of the entity and their associates

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

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

Current quarter
\$A'000

79

-

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	

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8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.2	Staff payments	1,800
9.3	Supplier payments	800
9.4	Research and development	45
9.5	Other (Tranche 5 for Cloudten acquisition – see explanation in note 4 below)	1,100
9.8	Total estimated cash outflows	3,745
Receipts from customers for next quarter are estimated to be in the range of \$2.6 to 2.9 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 Remaining \$1.2 million received in October in placement that raised \$2.1 million (net of fees) (refer announcements 23 September and 8 October 2019).
- 2 Received \$1.3 million in October and November for options exercised (refer announcements 25 October to 20 November 2019).
- 3 Estimated receipts from customers for the March 2020 quarter are based on current Sold Backlog, which are contracts that are signed and to be delivered in the March quarter.
- 4 Tranche 5 Cash consideration to the previous owners of Cloudten as per the Acquisition Agreement (refer announcement 13 December 2018).

Sign here:

Director

Date: 30 January 2020

Print name: Jeffrey Lai