

ASX ANNOUNCEMENT

22 June 2020



VORTIV BUSINESS UPDATE

KEY HIGHLIGHTS:

- Vortiv on track to deliver revenue and profit growth driven by cyber security requirements of Government and financial institutions
- With 72% of Vortiv revenues coming from government and financial institutions, the Company is well positioned to offer its existing clients, solutions to the recent cyber threats. According to Government, a greater spend in cyber security is essential.
- Vortiv's 25% passive investment in TSI India revised to \$5.5 million. EBITDA of \$2m, up 11%

VORTIV'S CYBERSECURITY BUSINESS

Vortiv's cybersecurity business is on track to deliver revenue and profit growth. Strong demand from customers, primarily the government and financial institutions, will enable Vortiv to deliver another quarter of record growth. Revenue in the June 20 quarter is expected to be \$3.6 to 3.8 million, while EBIT is expected to be \$0.5 to 0.6 million.

Vortiv's strategy is to continue to pursue the high growth cybersecurity market. To date Vortiv is in a strong position to benefit from increased market growth driven by cyber security requirements. Vortiv's focus on both government and financial institutions, which represent 24% and 48% of the company's revenue respectively, proves to be sound as both sectors continue to invest significantly to enhance their cybersecurity technologies, especially in view of the recent cyber threats. Vortiv, which is on the supplier panel of the federal and all state governments, expects to benefit from this opportunity.

TSI INDIA VALUATION

Vortiv Limited (ASX:VOR) (Vortiv or the Company) has completed the carrying value review of its 24.89% holding in TSI India for the financial year ended 31 March 2020 ("FY20").

An independent valuation, completed as part of the Company's accounting compliance obligations, was completed by a top 6 global accounting firm. The valuation estimated Vortiv's ~25% holding in TSI India to be between \$5.5 million and \$8.9 million (mid-point estimate of \$7.2 million).

The independent valuation adopted a sum-of-parts methodology, consisting of a discounted cash flow valuation of TSI India's ATM and other operating businesses, and considering several factors such as:

- Historical performance,
- TSI management projections,
- Local market conditions, and
- Global uncertainty including the potential impacts of the COVID-19 pandemic.

Given the current global conditions, the Board has elected to adopt the lower end valuation estimate of \$5.5 million in the Vortiv Balance Sheet for FY20, down from \$9.7 million at year ended 31 March 2019 ("FY19"). The revaluation has been reviewed and accepted by Vortiv's auditors.

TSI India's Financial Summary

FY20 financial results were adversely impacted by the upgrade of ATMs and the COVID-19 pandemic, but the underlying EBITDA performance benefitted from operational efficiency.

In June 2018, the Reserve Bank of India issued a directive to enhance ATM security measures, requiring ATMs to be upgraded to newer operating systems to address security vulnerabilities. As a result, TSI India invested approximately \$28 million in capital expenditure, funded largely by debt, to upgrade its ATMs.

FY20 revenue has been relatively stable at \$51.3m, declining 2.1% from FY19 due primarily to downtime from ATM upgrades and COVID-19 lockdown in India since 22 March 2020.

FY20 underlying EBITDA is \$2.0m, up +11% from \$1.8 million in FY19, after adding back approximately \$1 million in one-off ATM logistics costs to decommission and dispose of the old ATMs during the upgrade programme; with the strong underlying performance driven by cost-savings and efficiency measures.

TSI India's unaudited financial results for FY20 are summarised in Table 1 below (AUD:INR exchange rate of 46.6 as at 31 March 2020):

(A\$ million)	FY20	FY19	% change
Revenue	51.3	52.4	-2.1%
EBITDA (statutory)	1.0	1.8	-44.4%
One-off costs*	1.0	0	-
Underlying EBITDA *	2.0	1.8	+11.1%

** Removes one-off ATM logistics cost, which consists of \$1 million in costs relating to decommissioning and disposal of the old ATMs during the upgrade programme.*

TSI India's financial performance, obligations and the revaluation of its carrying value has no effect on Vortiv's cash flow and profit after tax.

TSI India Outlook

With the newer ATMs, TSI India expects to benefit from higher ATM up-time as well as lower maintenance and asset replacement costs.

In response to COVID-19 lockdowns, the management team of TSI India continues to implement various operational and financial strategies to counter the business disruption. The Company is pleased to advise that the recent gradual easing of the COVID-19 lockdown has resulted in some recovery in ATM transaction volumes.

More information on TSI India is attached.

Released with the authority of the Board.

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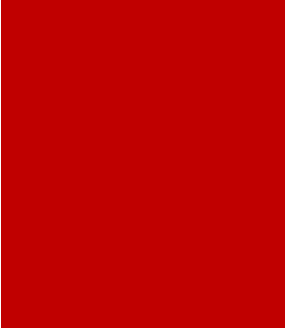
About Vortiv

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.



Transaction Solutions International (India) Private Limited

Corporate Presentation

Disclaimer



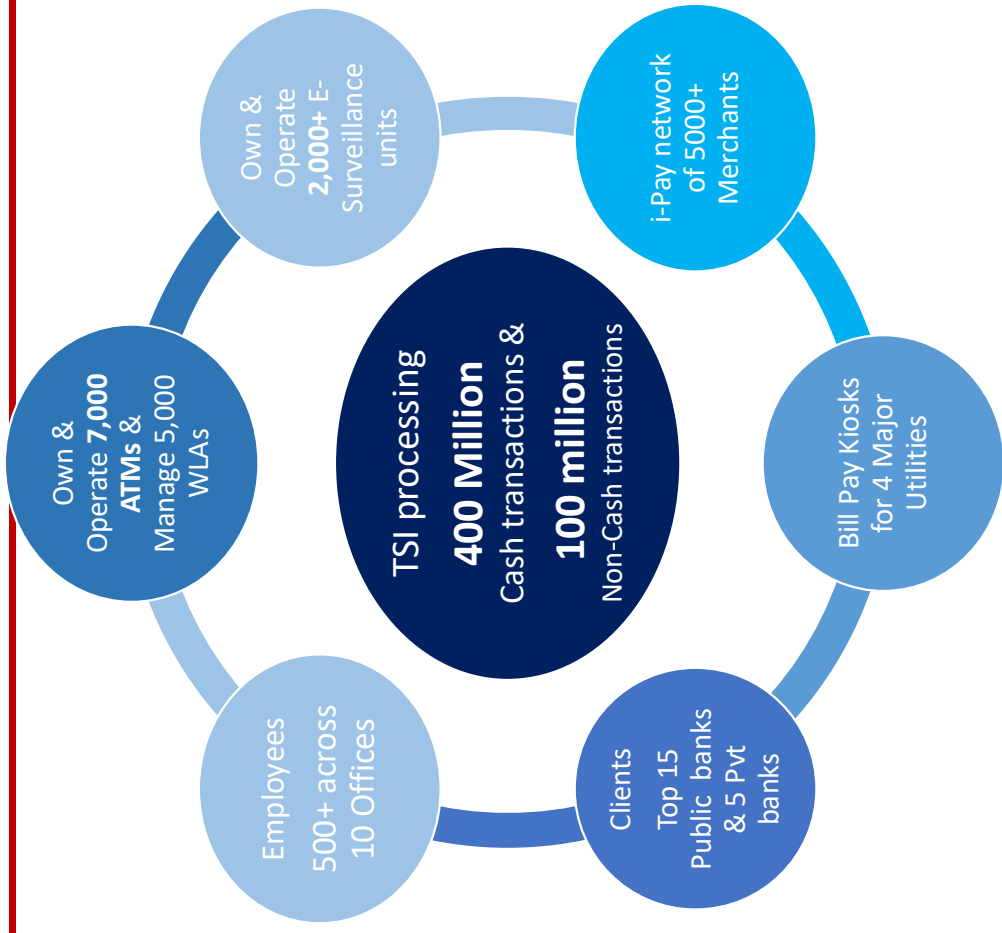
The material in this presentation has been prepared by Transaction Solutions International Pvt Limited (TSI India) and is general background information about TSI's activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including any forecast financial information or company targets, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice.

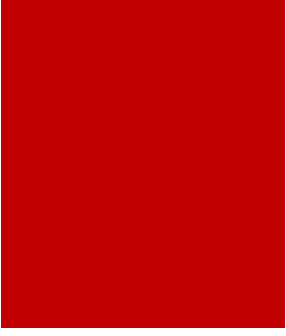
All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations, targets with respect to TSI's business and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. TSI does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of anticipated or unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts, targets and hypothetical examples are subject to uncertainty and contingencies outside TSI's control. Past performance is not a reliable indication of future performance.



Tsi Overview

Commencement	2006
Corporate status	Private Limited Company incorporated in India
Founder & CEO	Mohnish Kumar
Current Investors	CX Partners - 75% <i>(Since 2013)</i> TSN – 25% <i>(Since inception; listed on Australian SX)</i>
Auditors	Ernst & Young



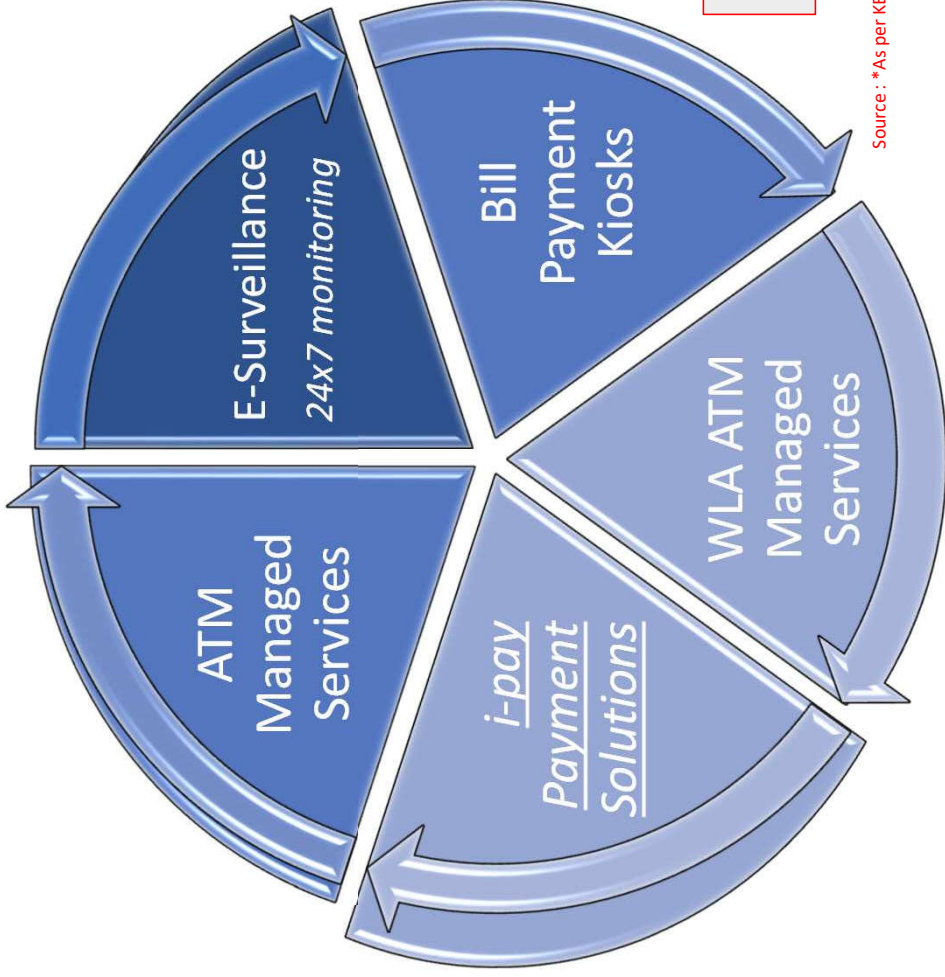


T S I

Capabilities

Corporate Profile

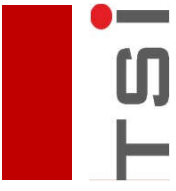
Key Products



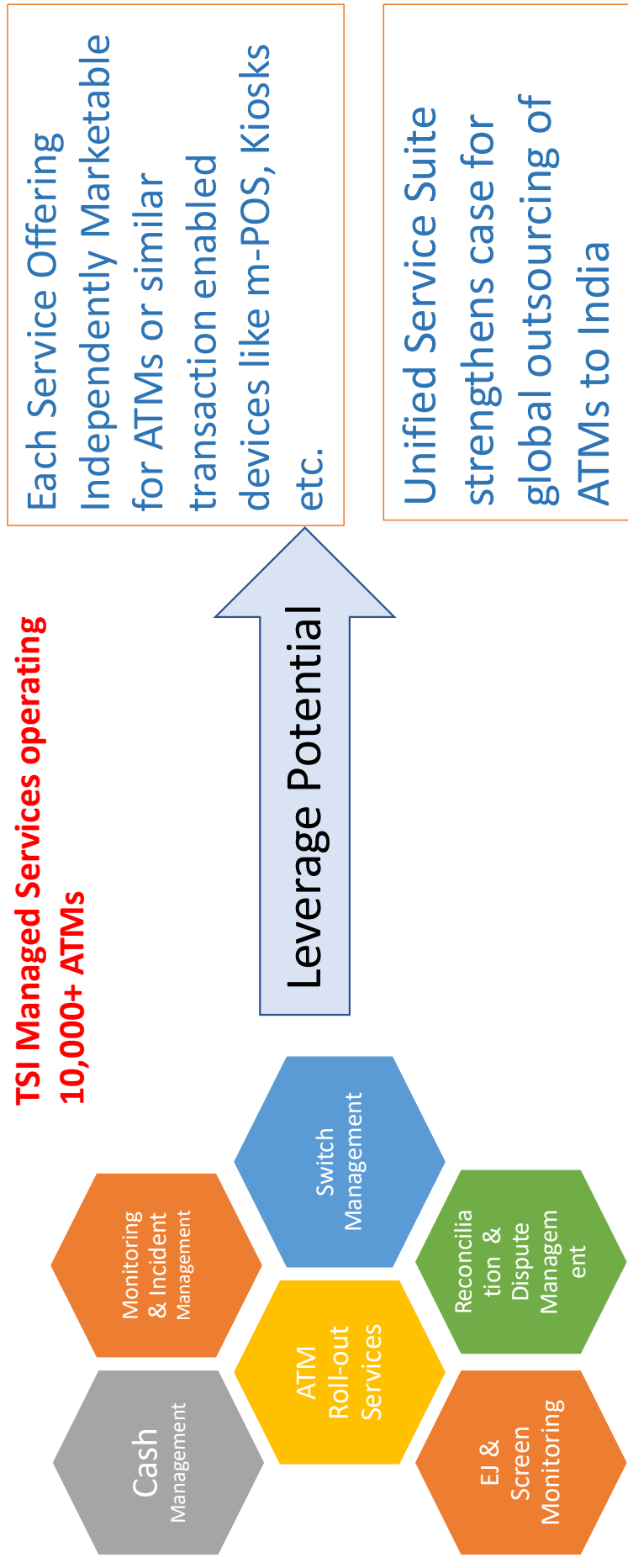
TSI India's Existing Service Offerings	Market Opportunity (p.a.)
ATM Managed Service Suite*	Current US\$1.3bn 2022 (est.) US\$3.0bn
E-Surveillance Solutions**	Current US\$0.9bn 2022 (est.) US\$2.4bn
Bill Payment Solutions***	Current US\$0.5bn 2022 (est.) US\$1.0bn
White Label and Bank ATM Deployment****	Current US\$30M 2022 (est.) US\$300M
i-pay Payment Solutions***	Current - 2022 (est.) US\$1.0bn

TSI has identified synergy between products and created unified operations and service platform

Source : *As per KEN Research, ** As per 6W Research, *** As per Motilal Oswal Report **** Management Estimate

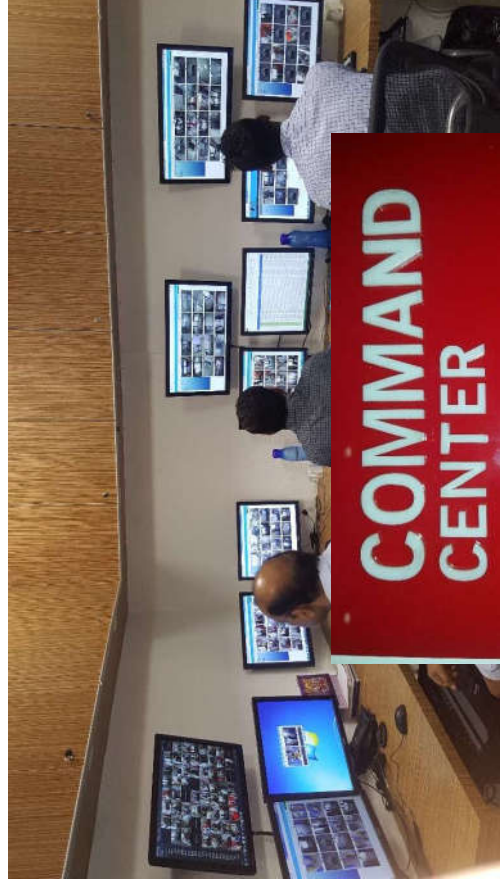


ATM Managed Services



Global ATM Market size valued over USD 12.5 billion in 2015 with 9.8% CAGR estimated from 2016 to 2023
India ATM Managed Service Market valued over USD 3 billion by 2022

E-Surveillance and Energy Management



- Only ATM Service provider with In-house developed E-surveillance solution and can be leveraged across existing 30+ bank relationships.
- E-surveillance Solution has both capability covering
 - Live Monitoring of sites
 - Event based alerts
- Video Footages stored on cloud therefore unlimited storage capacity.
- Connectivity fully secured through private APN with full Disaster Recovery back-up

- TSI has unique capability to offer integrated E-surveillance and Energy Management
- Integrated Solution installed on 700 sites and resulted in 30% unit savings

- **TSI currently own and operate 2000+ E-surveillance sites for multiple banks.**
- **TSI working on Video Analytics using Artificial Intelligence as next transformation phase of E-Surveillance**

Bill Payment Kiosk



- TSI is the largest utility partner in 3 states with 400+ Kiosks – Delhi, Punjab and Madhya Pradesh
- TSI own, operate and manage these Kiosks. These Kiosks :
 - Facilitate customers in executing bill payments via cash/cheque/card
 - Linked to Utility billing engine for instant settlement and generation of receipt
- TSI working with strategic partners to monetize 4 million annual footfalls by leveraging exterior space / receipts etc. through advertisement
- With Digital Payments ramping up, TSI aims to create digital payment infrastructure to create convenience for both cash and non-cash customers

These Kiosks are currently deployed exclusive for Electricity companies having customer base of 10 Million. TSI is working with them on products to monetise this customer base.

New Product | i-pay



- ✓ A Merchant Driven Model
- ✓ End to end Process and Support
- ✓ URL Based Platform
- ✓ Targeting Cash intensive market
- ✓ Aadhar Enabled Payments
- ✓ Merchant On-Boarding & Assistance
- ✓ Cash Management Services
- ✓ Provide Customer touch points
- ✓ Access to multiple services of various categories via single platform
- ✓ Customer acquisition with open-loop platform

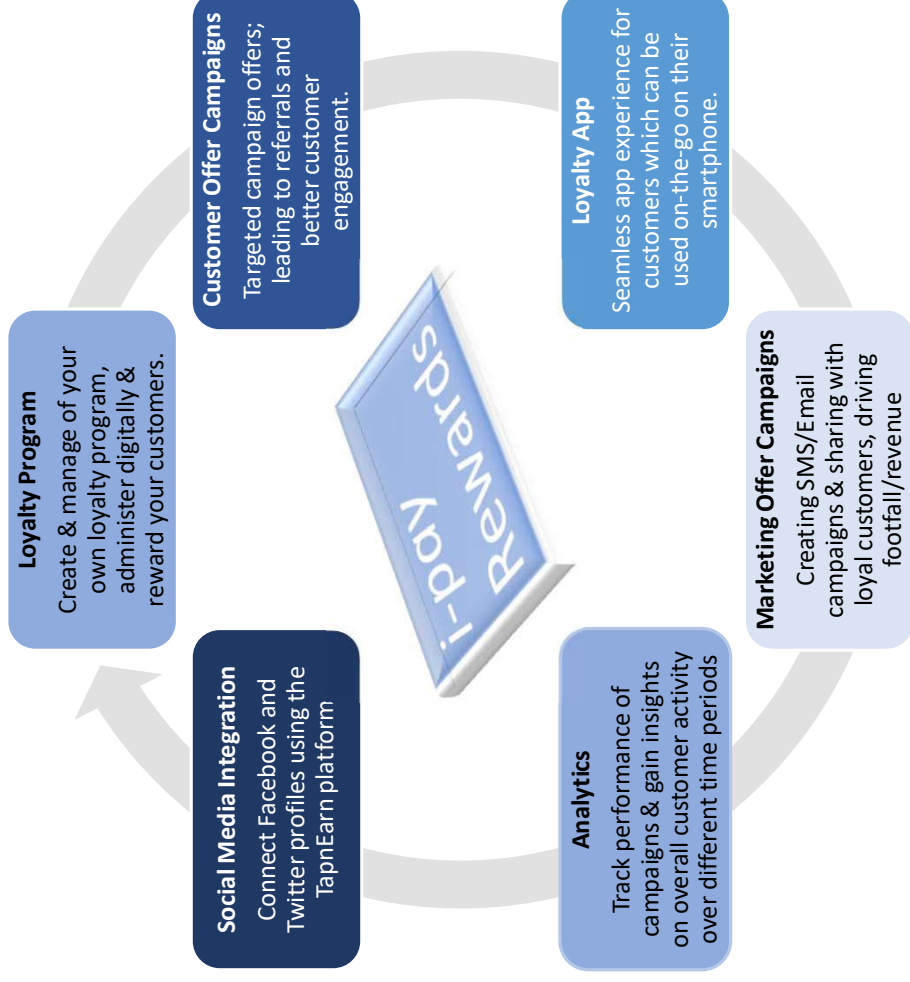


Current processing annualised Gross Transaction Value of USD 80 million with ~ 5500 Merchants

New Product | Loyalty & Rewards – i-pay rewards



Creating an Eco-system to monetize
captive Footfalls at
14000+ touchpoints in ATMs and Kiosks



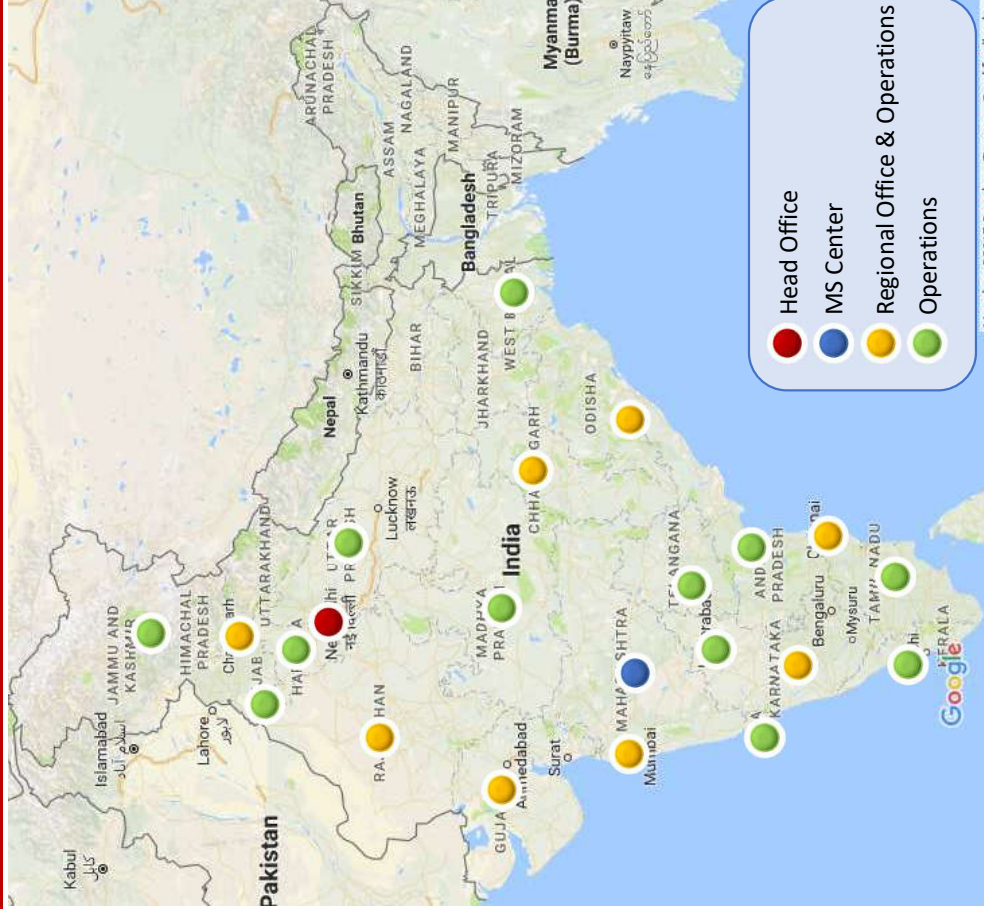
TSI has signed with one of large Utility Company in Mumbai to roll-out this product in coming quarter.

White Label ATMs – Managed Services



- TSI is only service provider that provides backend managed services to White Label ATMs (WLA) operator and therefore uniquely positioned in Industry.
- TSI is currently providing Managed services for 5000+ WLA ATMs on fixed fees basis.
- There is an opportunity to consolidate WLA operators and leverage economies of scale

TSI Spread and Reach

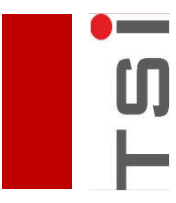


Portfolio Spread

- TSI has a wide network across India comprising of :
 - 7000+ owned ATMs on Bank Network
 - 5000+ owned E-surveillance
 - 300+ owned Bill pay Kiosks.

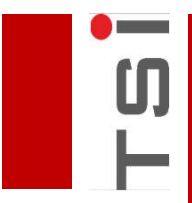
Office Infrastructure

- Delhi - Corporate Office
- Mumbai - Sales and Client Relationship Office
- Pune - Managed Services Centre
- Regional Operations:
 - Chennai
 - Bengaluru
 - Ahmedabad
 - Jaipur
 - Bhubaneswar & Raipur
 - Mohali



TSI Client Relationships

And many more ...



TSI Key Business Partner

ATM Hardware Services



ATM Allied Services



E-Surveillance

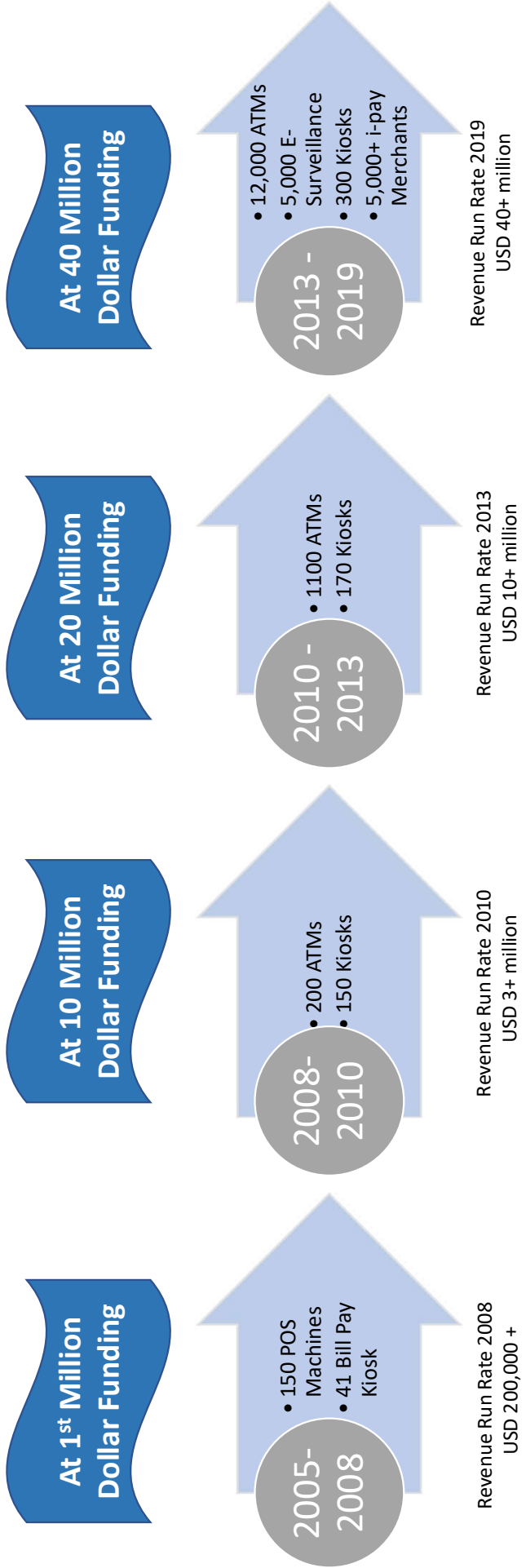


i-Pay Services





TSI India Progression



Set for accelerated growth.....

Management / Stakeholders



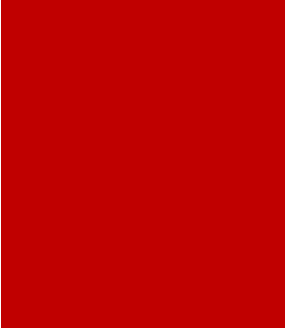
Mohnish Kumar – CEO

- Ex-Citibank, created and launched multiple Payment products
- MBA with over 25 years of Marketing & New Business Development experience in FMCG, Consumer Durable and Financial Services
- Started TSI India Operations in 2006
- Four successful rounds of fund raising for TSI India



Deepak Verma – CFO

- Ex - Airtel, India's largest Telecom company
- Chartered Accountant with 17+ years of Telecom and Financial services experience
- At Airtel, spearheaded finance for various strategic and transformation initiatives
- At Kroll, served as Head of India Operation, set-up the finance function for India business and transitioned operating processes from United States, EMEA and Asia Pacific region to India.



TSI

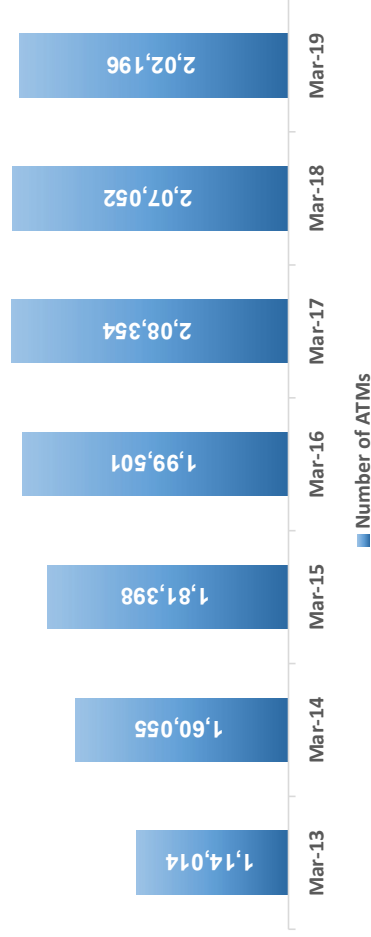
Growth Opportunity

Corporate Profile

India Market Dynamics - Historical

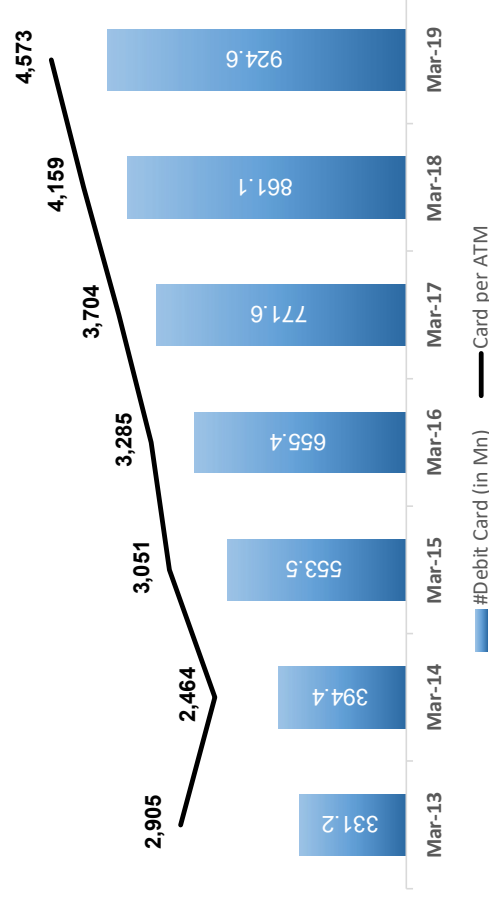


Number of ATMs



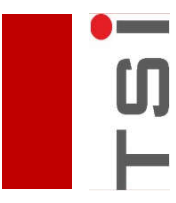
Higher number of debit cards issuance by new age banks with no growth in number of ATMs directly improve transactions per ATM

Debit Cards Issuance & No. of Card per ATM



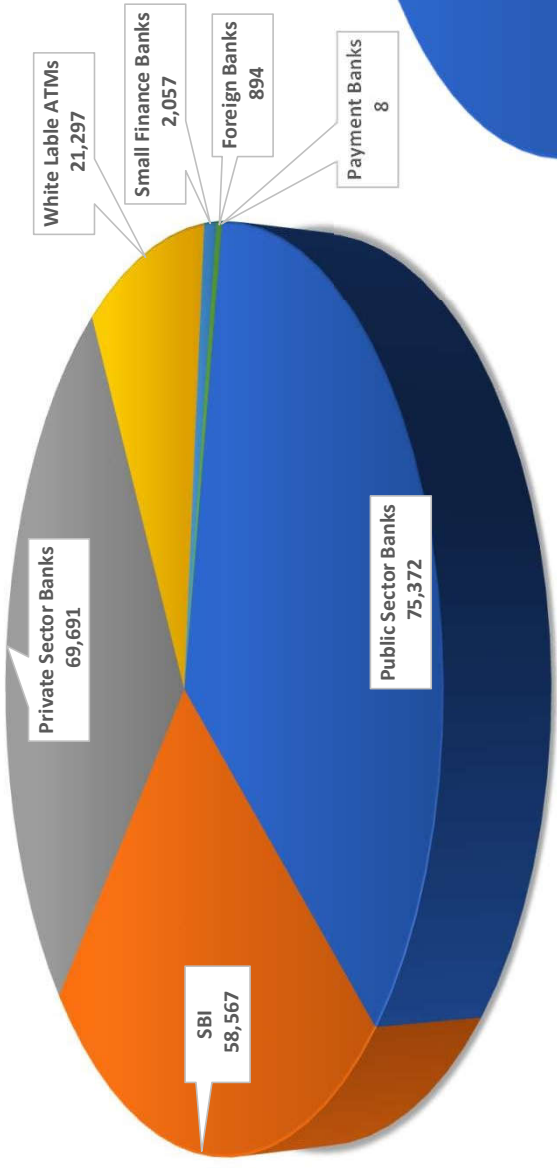
* As per IMF Survey 2018, India ATM Density stands meagre at 21.74 ATMs per 100,000 people and China at 96.82 ATMs per 100,000 people.

Source : <https://www.rbi.org.in/Scripts/ATMView.aspx>
 * <https://data.worldbank.org/indicator/FB.ATM.TOTL.P5>



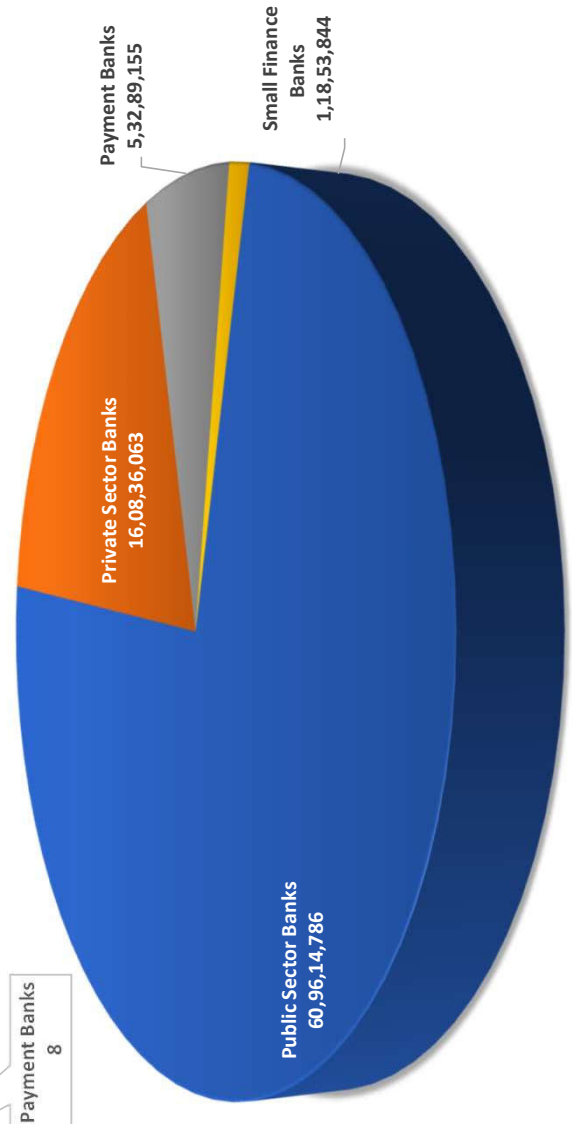
ATM & Debit Card Spread- Bank Perspective

ATMS as on 30-Sep-19



Source: <https://www.rbi.org.in/Scripts/StateRegionATMView.aspx>

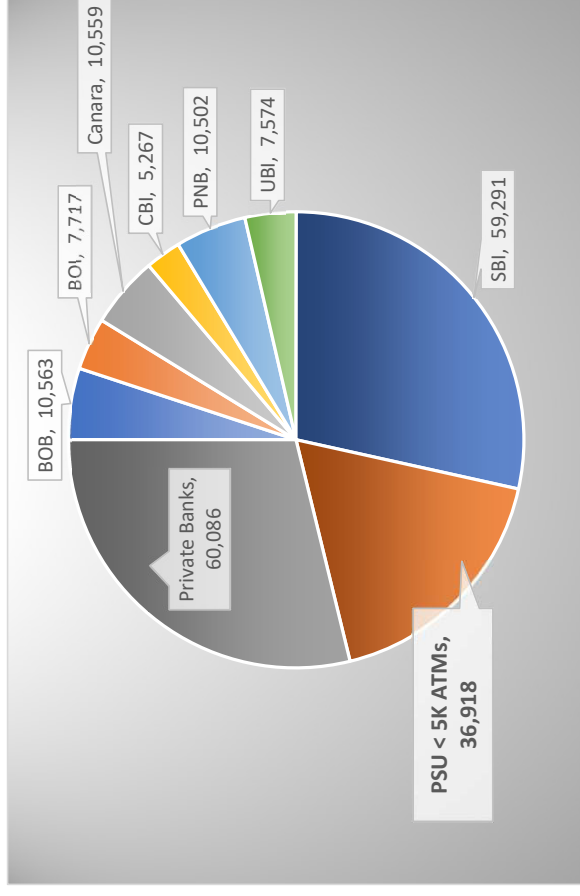
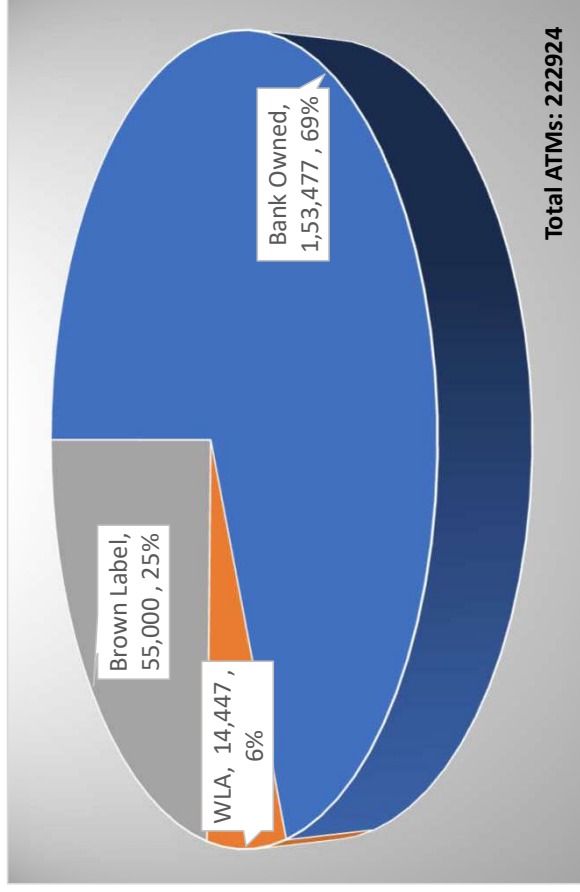
Debit Cards as on 30-Sep-19



Source: <https://www.rbi.org.in/Scripts/StateRegionATMView.aspx>

New age banks like Small Finance Banks and Payments Banks will drive growth in issuance of debit cards

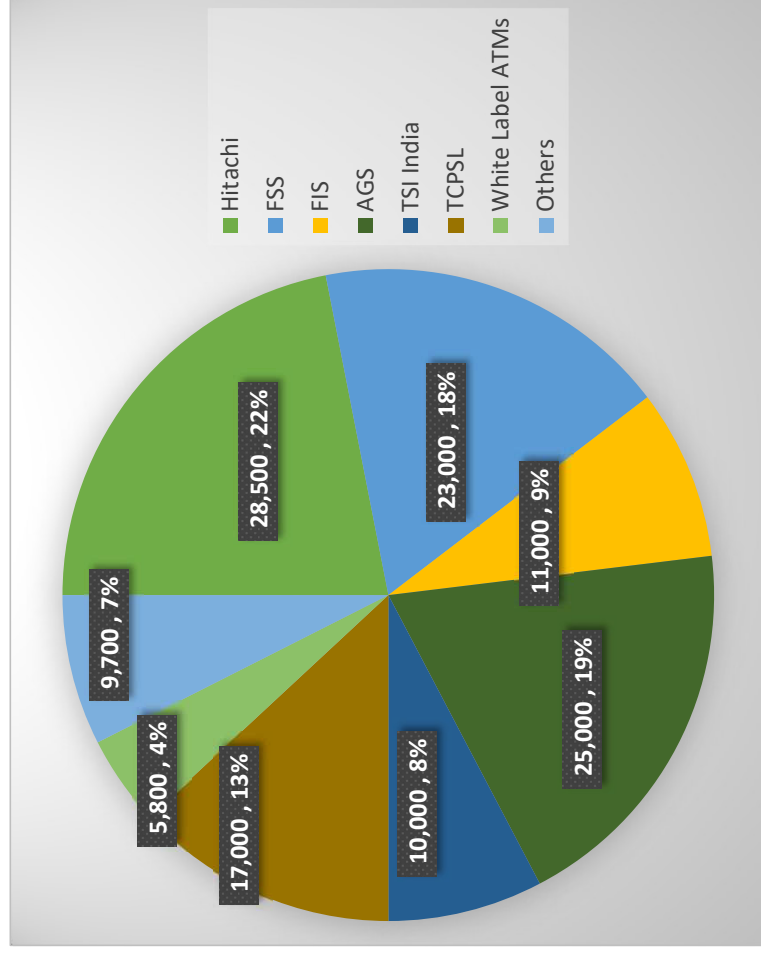
ATM Business Growth Potential – Organic



Being non-core, potential for further outsourcing is higher:

- Bank still own 70% ATMs and replacement capital would be ~ AU\$ 1 billion
- Doesn't make operating economic sense for banks having less than 5K ATMs. Banks like BOB floated RFP to outsourced entire network of ATMs

ATM Business Growth Potential– Inorganic



* Management Estimate of portfolio owned and managed by industry players

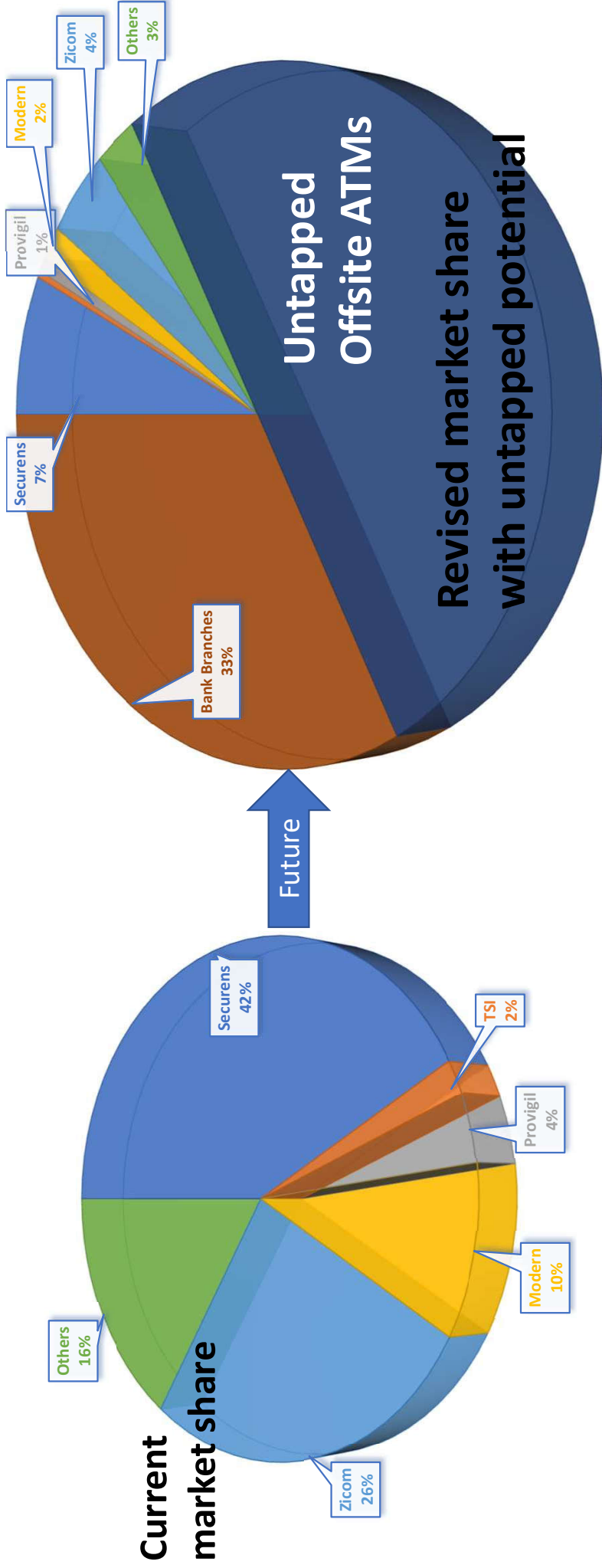
Key events that can trigger consolidation:

- Limited organic growth opportunity
- Inconsequential ATM footprint of few players
- Standalone WLA not yet profitable
- Initial consolidation likely to trigger further momentum

E-surveillance Opportunity



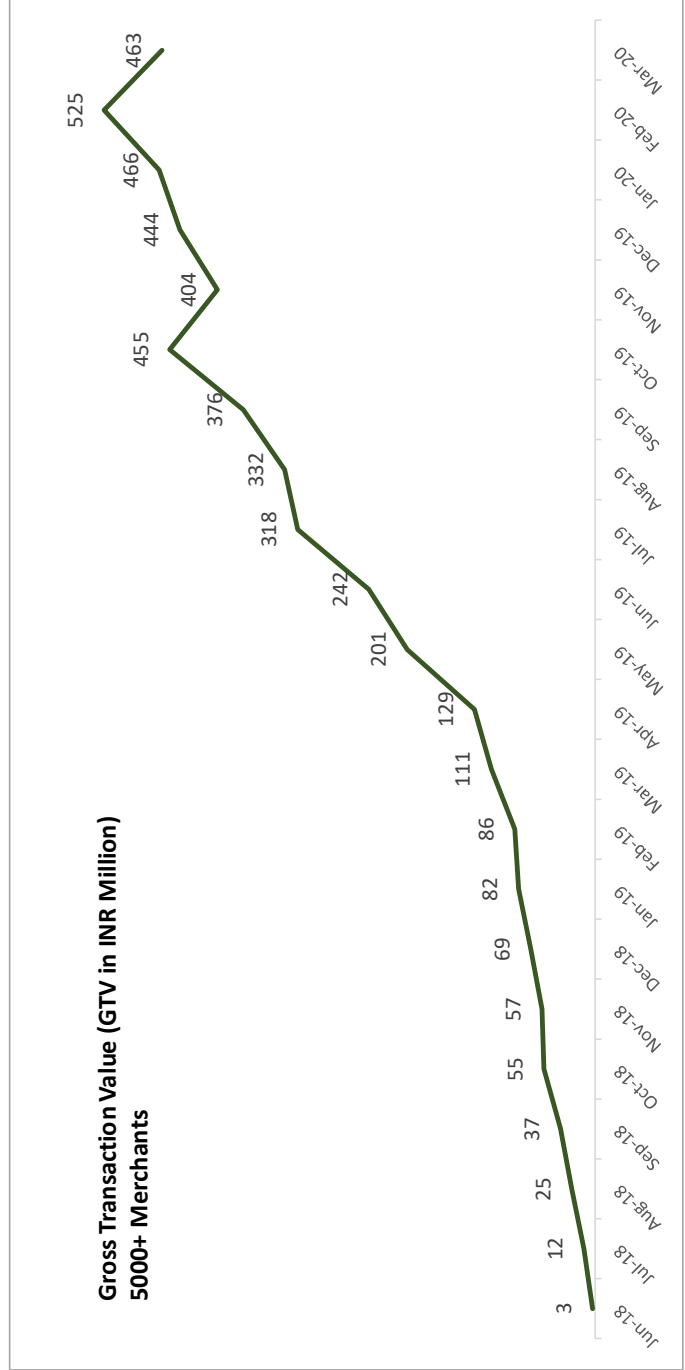
- Total ATMs & Branches :3 Lacs + ; ATMs - (Onsite -1.09 L, Offsite - 98 k, WLA – 14K)
- ATMs with E-Surveillance : 50 K



TSI has Ability to influence E-surveillance deployment with control over ATM real estate.



i-Pay opportunity to address last mile cash



GTV CAGR : 317%

Quarter on Quarter Growth:

- Jan'19 to Mar'19: 53 %
- Apr'19 to Jun'19: 105 %
- Jul' 19 to Sept' 19: 79.3%
- Oct' 19 to Dec'19: 26.9 %
- Jan' 20 to Mar' 20: 11.4%

**The business framework is built on surplus cash available with the company.
It can be accelerated at faster pace if supported by external funding**

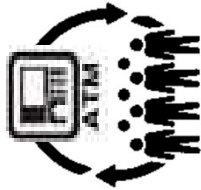
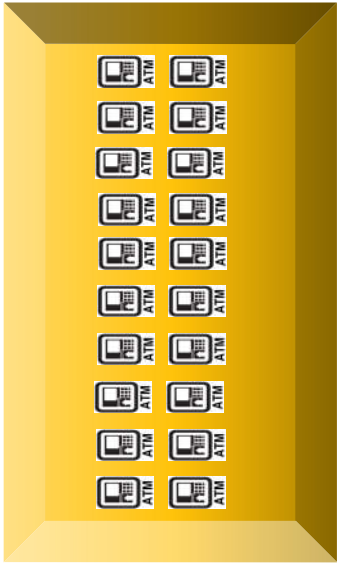


TSI

Enhancing Employee Productivity

FY 15-16

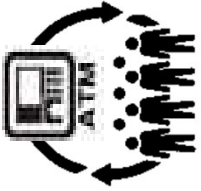
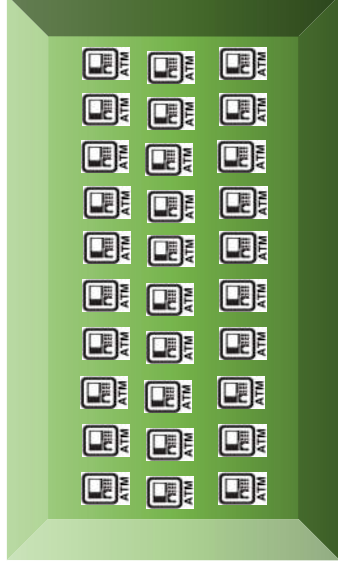
No. of ATMs - 2052



20 ATMs per Employee

FY 16-17

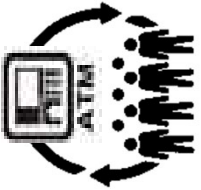
No. of ATMs - 13,750



30 ATMs per Employee

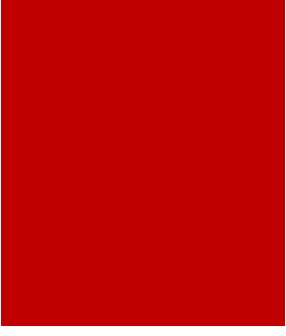
FY 20-21

No. of ATMs - 11,750



40 ATMs per Employee

Improved Employee to ATM Ratio due to scale and continuous process improvement



THANK YOU

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