

ASX ANNOUNCEMENT

22 October 2020



PROPOSED SALE OF CYBERSECURITY BUSINESS

- Proposed sale of Cloudten and Decipher Works for \$25m to CyberCX
- 100% cash transaction
- 196% return on investment
- \$20m to be returned to shareholders

Vortiv Limited (ASX:VOR) ("Vortiv" or "the Company") announces it has executed a conditional share sale agreement regarding the proposed sale of its cybersecurity business to CyberCX Pty Ltd ("CyberCX").

PROPOSED SALE OF CLOUDTEN AND DWX FOR \$25M

CyberCX, one of Australia's leading cyber security services organisations, proposes to acquire 100% of the shares in both Cloudten Industries Pty Ltd and Decipher Works Pty Ltd (collectively, "Business"), based on the following key terms:

- total consideration reflecting a combined enterprise value of \$25 million, on a cash free and debt free basis, with normal level of working capital;
- 100% paid in cash on completion; and
- sale completion is subject to the following key conditions:
 - Vortiv shareholder approval;
 - CyberCX gaining FIRB approval to acquire the Business;
 - retention of key staff and key customers; and
 - no material adverse change occurring in the Business prior to completion.

As the Business presently represents the main undertaking of Vortiv, the Board will convene an Extraordinary General Meeting, scheduled for early December 2020, to obtain the approval of Shareholders as required under ASX Listing Rule 11.2, for the sale of the Business to CyberCX.

Where Vortiv shareholders vote in favour of the transaction, it is then expected to proceed to Completion on or around 18 December 2020.

UNANIMOUS BOARD RECOMMENDATION

The Directors unanimously recommend that Shareholders vote in favour of the transaction, in the absence of a superior proposal emerging. Further, each Director who is also a shareholder and who is not otherwise restricted from voting intends to vote in favour of transaction.

USE OF SALE PROCEEDS

Subject to completion of the transaction, Vortiv intends to return approximately \$20 million to shareholders, in the form of a limit based equal access share buyback (Buyback). This amount represents the vast majority of net sale proceeds after accounting for estimated tax payable on the gain on sale of the Business plus legal and advisory costs directly associated with the transaction, collectively totalling approximately \$3 million. Vortiv is applying for an ATO Class ruling which seeks confirmation of the related tax treatment of the Buyback. Such ruling is expected to be received by January 2021, with the Buyback to proceed shortly thereafter.

BUYBACK

The Company will set a limit of \$20 million (Limit) to undertake the Buyback, with the buyback price to be set with reference to the share price at that time. Shareholders will be able to tender as many or as little shares as they choose to be bought back by the Company, up to their full holding.

At the conclusion of the Buyback offer period, all buyback requests will be tallied. Where there is an undersubscription (i.e. less shares tendered for sale by shareholders than the Limit set by the Company), then all shares tendered will be bought back by the Company and such shares subsequently cancelled.

Where there is an oversubscription (i.e. more shares tendered for sale by shareholders than the Limit set by the Company), then all offers to sell Shares will be proportionately scaled back. All shares bought back by the Company will be subsequently cancelled. This mechanism provides shareholders with a choice to stay invested in the Company as it continues to pursue new acquisition opportunities.

INTENTIONS FOR VORTIV POST TRANSACTION

Following completion of the Transaction, the Board intends Vortiv remains an ASX listed company, with its shareholding in TSI India, then forming the main undertaking. The Board has identified acquisition opportunities in the Australian technology sector that can complement the Company's exposure to ATM and associated payments technology which the Company has through its shareholding in TSI India. These opportunities are currently at an early stage and may not ultimately progress to a transaction. A further update to shareholders will be provided at the appropriate time.

Where the Company proceeds with an acquisition which is either significantly larger in value than its shareholding in TSI India and/or in a different industry segment, ASX will invariably exercise its discretion under Listing Rule 11.1.3 to require the Company to re-comply with ASX's admission and quotation requirements.

NOTICE OF MEETING

In due course, Vortiv shareholders will be provided with a Notice of Meeting and accompanying Explanatory Statement and Independent Expert Report which will contain full details of the proposed transaction and next steps.

ADVISERS

BDO Corporate Finance is acting as lead M&A adviser and Squire Patton Boggs as legal adviser to Vortiv regarding the transaction.

COMMENTARY

Mr Gary Foster, Chairman of Vortiv, commented:

“Vortiv is extremely pleased to deliver an outcome which achieves significant value for all our key stakeholders - our people, clients and shareholders.

Vortiv’s active management of the two businesses, which were acquired over the last 3 years, has greatly assisted in achieving organic growth of more than 30% p.a. and generating a significant return on investment of 196%, through pure hard work and sticking to our formula.

We are pleased to support the transition of the business to new owners who are well placed to continue supporting the clients for many years to come.

Over the next six months, Vortiv intends to explore new acquisition opportunities in the Australian technology sector and build on its demonstrated ability to create value from its acquisitions.”

Released with the authority of the Board.

For more information:

Jeffrey Lai
Managing Director
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 acquired 100% of Decipher Works in August 2017 and 100% of Cloudten Industries in January 2019. 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.

About Cloudten

Cloudten is a cloud and cloud security service provider to the enterprise segment. Cloudten is the first AWS service provider in Australia to attain Government, Security and DevOps Competencies. Cloudten has assisted numerous government, financial institution and large enterprise clients migrate, secure and manage their infrastructure in the cloud.

About Decipher Works (DWX)

DWX is a cybersecurity service provider specialised in identity and access management (IAM). DWX is the largest Australian pure-breed IAM service provider and partners with leading global cloud and on-prem technology vendors to design, build and manage solutions for financial institutions and the government.

About CyberCX

Launched in October 2019, CyberCX has brought together the country’s most trusted cyber security companies to create a comprehensive end-to-end cyber security services offering to Australian enterprise and government. CyberCX has a workforce of over 500 cyber security professionals, and a footprint of over 20 offices across Australia, New Zealand, the United Kingdom and the United States. CyberCX offers a full suite of cyber security services, including: consult and advisory; governance, risk and compliance; incident response; penetration testing; security integration and engineering; and managed security services.

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.