

## Return of Capital to Shareholders

- **Return of \$21.7 million to shareholders**
- **The Company today declares a \$7.8 million fully franked dividend**
- **A further \$13.9 million to be returned to Shareholders as an Equal Capital Reduction, subject to shareholder approval**

Vortiv Limited (ASX: VOR) (the **Company**) is pleased to provide details of its planned capital return to shareholders.

As announced on the 16<sup>th</sup> of February 2021, the board of the Company (**Board**) has been engaging with the Australian Taxation Office (**ATO**) on capital return proposals and working with advisors to consider alternatives for the effective and timely return of funds.

The Company has now finalised its preferred method to ensure the prompt return of capital to shareholders which it has resolved can be most efficiently implemented by the immediate declaration of a dividend, followed by an equal capital reduction (subject to shareholder approval).

### Dividend

The Board has today declared a \$7.8 million, fully ranked dividend (**Dividend**), equating to 5.55 cents per share.

A total of 2.75 million franking credits are available to the Company, such that shareholders who are able to realise the full benefit of franking credits will be entitled to a franking credit of 1.85 cents per share.

### Equal Capital Reduction

In addition to the Dividend, the Board has determined to return an additional \$13.9 million to shareholders via an equal capital reduction (**Equal Capital Reduction**).

If approved by an ordinary resolution of shareholders at an Extraordinary General Meeting, scheduled to be held in latter part of April 2020, the Equal Capital Reduction will see a further 9.89 cents per share paid to shareholders.

Accordingly, the Dividend and Equal Capital Reduction will see a total of approximately \$21.7 million returned to shareholders.

### Change of Structure for Capital Return

When announcing the sale of the Company's cybersecurity assets to CyberCX Pty Ltd, the Company noted its intention to return capital to shareholders in the most effective way. The Company engaged in discussions and a ruling application process with the ATO regarding a limit-based equal access share buyback proposal. On 16 February 2021, the Company also announced that it was working with advisors to consider alternatives while waiting for the ATO. In reaching the conclusion that the current structure for the return of capital is in the best interest of shareholders, the Company (among other things) has considered:

- Equal treatment for all shareholders
- Most efficient timeframe for receipt of capital by shareholders
- Likelihood of shareholder approval depending upon capital return structure

- Shareholder ambivalence towards funds left in the Company to pursue other opportunities
- Fulfilling the clear mandate to return funds to shareholders in an effective manner

### ATO Class Ruling

The Company has discussed with the ATO and is in the process of requesting a class ruling in relation to the tax implications of the Equal Capital Reduction. The Company expects the application to progress efficiently, given it has been engaged with the ATO regarding the previous contemplated buyback structure since late 2020. Finalisation of the class ruling will be relevant in providing shareholders with certainty regarding the nature and resulting tax treatment of the payment to be received from the Equal Capital Reduction.

### Activities Post Return of Capital

Following completion of the Dividend and Equal Capital Reduction the Company will hold working capital of approximately \$750,000, noting that the Company has recently paid tax of \$1.96 million in relation to estimated current year tax profits in addition to the costs associated with the sale of the cybersecurity assets.

The retained capital will be used by the Company to ensure it remains a going concern whilst the Board continues to assess and identify high growth opportunities in the Australian technology sector that the Board considers will have the potential to add value to shareholders. The Company has had and continues to have meaningful conversations regarding various acquisition opportunities, but as at the date of this announcement those opportunities remain subject to ongoing discussions and due diligence and there is no certainty that any complete proposal or transaction will result from the ongoing discussions.

Following the return of capital, the Company will also continue to hold its approximately 25% interest in TSI India, a business operating a network of bank automated teller machines and bill payment systems in India.

### Timetable

The timetable for the Dividend and indicative timetable for the Equal Capital Reduction is as follows:

Action	Date
Dividend Ex-Date	16 March 2021
Dividend Record Date	17 March 2021
Date for Dividend Payment	9 April 2021
Earliest proposed date for General Meeting to approve Equal Capital Reduction	19 April 2021*
Effective Date for Return of Capital	20 April 2021*
Last day for trading "cum return of capital"	21 April 2021*
Trading on an "ex return of capital" basis commences	22 April 2021*
Capital Reduction Record Date	23 April 2021*
Capital Reduction Payment Date	30 April 2021*

*\*Indicative date only, subject to change depending on actual date of General Meeting to approve Equal Capital Reduction.*

The Company will pay the Dividend on 9 April 2021, to allow shareholders time to update their bank details and tax file numbers with the Company's share registry.

## Shareholder Requisition Meeting

As announced to the market on 22 February 2021, the Company has received a notice from Rocket Science Pty Ltd as trustee for The Trojan Capital Fund (**Requisitioning Shareholder**) seeking to remove two of the existing Directors of the Company, Mr Howard Digby and Mr Jeffrey Lai, and replace them with two of its nominees, Mr Simon Vertullo and Mr Jason Titman.

In correspondence with the Requisitioning Shareholder we understand that it supports the capital return outlined in this announcement.

Notwithstanding that, what we understand to be the Requisitioning Shareholder's primary aim (an equal return of capital) has already been independently assessed by the Board to be the most efficient way to proceed, the Requisitioning Shareholder has not withdrawn its 249D notice and continues its attempt to take control of the Board.

In these circumstances, the current Directors are sceptical as to the Requisitioning Shareholder's true motives in seeking to gain control of the Board and are concerned:

- the Requisitioning Shareholder is using its voting power in an opportunistic attempt to gain control of the Company;
- there is no guarantee that the cash assets held by the Company will be fairly distributed to shareholders by any new Board, thus the desire for the current Board to ensure capital is returned as soon as practical; and
- the actions of the Requisitioning Shareholder are not promoting the interests of shareholders, rather they are forcing the Company to spend money unnecessarily convening a General Meeting after the Company has always made clear that it intended to return funds to shareholders in an efficient and fair way.

Accordingly, the Board strongly urges you to **vote against** all resolutions which will be set out in a Notice of Meeting to be released and distributed shortly.

Authorised for release by  
Howard Digby  
Executive Chairman  
E: [hdigby@vortiv.com.au](mailto:hdigby@vortiv.com.au)

## 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.