



Vortiv Ltd

ABN 98 057 335 672

APPENDIX 4E – Preliminary Final Report

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000	\$ Change	% Change
Revenues from ordinary activities	4,778	99	4,679	4,726
Profit (loss) from ordinary activities after tax attributable to members	(2,675)	(470)	(2,205)	469
Profit/(loss) from discontinued operations	-	10,875	(10,875)	(100)
Net profit (loss) for the year attributable to members	(2,675)	10,405	(13,080)	(126)

During the year the company acquired the remaining 75% of its interest in Transaction Solutions International (India) Private Limited (TSI India). TSI India is a leading Fintech and ATM managed services provider, with core operations including ownership and/or servicing of over 14,000 ATMs in the high growth cash economy of India. The company has held a 25% interest in TSI since 2005.

The transaction was completed on 23rd February 2022, and as a result the balance sheet, profit and loss and cash flows of TSI India have been consolidated into the group's financial statements only from this date. However, the profit and loss does incorporate a full 12 months of corporate overheads including various acquisition costs for TSI India such as the cost of options issued as part of the capital raise for the acquisition. As part of the transaction key management were locked in via a 10% minority interest in TSI India issued to them post completion reducing VOR ownership to 90%.

As a result of the acquisition the group has recorded for the year a statutory revenue of \$4.778m, and a loss of \$2.675m representing the consolidated results of TSI India from the acquisition date and corporate overhead costs. Had the full year result of TSI India been consolidated the pro forma result for the year would have been \$40.56m revenue and EBITDA of \$7.368m. At 31 March 2022, the company had (\$0.956m) net debt ie borrowings less cash and term deposits.

Since the acquisition TSI India secured an agreement with Central Bank of India (CBI) for deployment of an additional 2,550 ATMs inclusive of supply, site preparation, installation, commissioning, e-surveillance and ongoing services and support. There is also the possibility of being awarded an additional 625 ATM licenses from CBI over the next 12 months. The agreement is for a term of 5-years, ending in December 2027 (extendable for a further 2 years by CBI). TSI India management have estimated that following full deployment of the 2,550 ATM's this will result in an additional annual AUD \$25-30m of revenue and AUD \$11-13m of EBITDA (assuming an exchange rate of AUD\$1 = INR55).

In a best case scenario, TSI India management had hoped to be awarded 1,500 ATM's following a request for information from CBI. As a result of TSI exceeding the deliverables in its ATM contracts for several other major Indian Banks, and with the strength of TSI's e-surveillance offering, CBI awarded TSI a contract covering 100% of its ATM allocation. The rollout will commence immediately, is anticipated to be largely completed by the end of CY22 and be finalised within 12 months.

During the year the company completed a \$10.5m capital raise to fund the acquisition of TSI India remaining 75% and provide working capital and also commenced a strategic review with TSI India management and the results of this will be announced following its finalisation which is expected shortly.

	31 March 2022	31 March 2021
Number of Securities	505,168,603	140,524,363
Net tangible assets per security (cents)	2.5	14.9

1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Continuing operations			
Revenue		4,574	-
Finance income		3	19
Other income		201	80
Revenue		4,778	99
Employee benefits expenses		(1,425)	(530)
Professional services		(769)	(365)
Operating Expenses		(2,069)	-
Office Expenses		(59)	-
IT Expenses		(53)	-
Depreciation expenses		(1,229)	(1)
Depreciation of right of use assets		-	(54)
Finance costs		(287)	(11)
Share based payments		-	-
Fair value adjustment on contingent consideration		-	473
Options Expense		(1,391)	-
Other expenses		(175)	(81)
Loss before tax from continuing operations		(2,679)	(470)
Income tax benefit/(expense)		4	-
Loss after tax from continuing operations		(2,675)	(470)
Profit from discontinued operations	10	-	10,875
Profit for the period		(2,675)	10,405
Other comprehensive income/(loss)			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Foreign currency movement in translation of foreign operations		-	4
Exchange difference on translation of discontinued operation		-	-
Movement in fair value of financial assets designated at fair value through other comprehensive income		-	570
Other comprehensive income/(loss) for the period		-	574
Total comprehensive income/(loss) for the period attributable to members		(2,675)	10,979
Earnings/(Loss) per share post-consolidation			
Basic earnings/(loss) per share from continuing operations (cents per share)		(1.49)	(0.4)
Diluted earnings/(loss) per share from continuing operations (cents per share)		(1.49)	(0.4)
Basic earnings/(loss) per share from continuing and discontinued operations (cents per share)		(1.49)	8.0
Diluted earnings/(loss) per share from continuing and discontinued operations (cents per share)		(1.49)	8.0

2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Mar 2022 \$000	31 Mar 2021 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		1,185	22,709
Trade and other receivables		6,118	124
Term Deposits		22,031	-
Contract assets		-	7
Income tax receivable		-	37
Prepayments		48	7
Total Current Assets		29,382	22,884
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	7	-	6,100
Plant & equipment		28,214	2
Intangible assets		94	-
Goodwill	8	1,267	-
Other non-current assets		761	-
Total Non-current Assets		30,336	6,102
TOTAL ASSETS		59,718	28,986
LIABILITIES			
Current Liabilities			
Trade and other payables	9	17,660	265
Borrowings		14,281	-
Short-term provisions		5,407	-
Dividend payable	12	-	7,799
Total Current Liabilities		37,348	8,064
Non-Current Liabilities			
Trade and other payables		333	-
Borrowings		7,979	-
Total Non-Current Liabilities		8,312	-
TOTAL LIABILITIES		45,660	8,064
NET ASSETS		14,058	20,922
EQUITY			
Contributed equity		38,161	41,989
Reserves		1,212	802
Outside equity interest		(771)	-
Accumulated losses	6	(24,544)	(21,869)
TOTAL EQUITY		14,058	20,922

For personal use only

3 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 Mar 2022 \$000	Year ended 31 Mar 2021 \$000
Cash flows from operating activities			
Receipt from customers		6,552	11,201
Payments to suppliers & employees		(8,458)	(10,699)
Payments for research & development		-	49
Income taxes (paid)/received		-	(2,003)
Interest received/(paid)		(284)	20
Net cash inflow/(outflow) from operating activities		(2,190)	(1,432)
Cash flows from investing activities			
Net cash inflow/(outflow) on sale/acquisition of business		(4,063)	24,007
Net cash inflow/(outflow) on term deposits		(4,283)	-
Payment for plant & equipment		(52)	(81)
Net cash inflow/(outflow) from investing activities		(8,398)	23,926
Cash flows from financing activities			
Proceeds from issue of shares		10,939	-
Share issue costs		(715)	-
Dividend paid by parent entity		(7,799)	-
Return of capital paid		(14,052)	-
Net proceeds/(repayment) of borrowings		237	-
Repayment of convertible notes		-	(722)
Principal elements of lease payments		-	(111)
Net cash inflow/(outflow) from financing activities		(11,390)	(833)
Net increase/(decrease) during the period		(21,978)	21,661
Cash and cash equivalents at the beginning of the period		22,709	1,054
Cash acquired as part of business combination		454	-
Effect of exchange rate movements on foreign currencies		-	(6)
Cash and cash equivalents at the end of the period		1,185	22,709

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed equity	Convertible note reserve	Foreign currency translation reserve	FVOCI reserve	Share- based payment reserve	Options reserve	Outside equity interest	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2021	41,789	52	(17)	226	124	-	-	(24,632)	17,542
Net profit/(loss) for the period	-	-	-	-	-	-	-	10,405	10,405
Total other comprehensive income/(expense)	-	-	4	570	-	-	-	-	574
Total comprehensive income/(expense) for the period	-	-	4	570	-	-	-	10,405	10,979
Issue of shares	200	-	-	-	-	-	-	-	200
Issue costs	-	-	-	-	-	-	-	-	-
Convertible note repaid	-	(52)	-	-	-	-	-	52	-
Share based payments	-	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	(7,799)	(7,799)
Expired options transferred to accumulated losses	-	-	-	-	(105)	-	-	105	-
Balance at 31 March 2021	41,989	-	(13)	796	19	-	-	(21,869)	20,922
Net profit/(loss) for the period	-	-	-	-	-	-	-	(2,675)	(2,675)
Total other comprehensive income/(expense)	-	-	(185)	(796)	-	-	-	-	(981)
Total comprehensive income/(expense) for the period	-	-	(185)	(796)	-	-	-	(2,675)	(3,656)
Return of capital	(14,052)	-	-	-	-	-	-	-	(14,052)
Capital raise	10,939	-	-	-	-	-	-	-	10,939
Capital raising costs	(715)	-	-	-	-	-	-	-	(715)
Options reserve	-	-	-	-	-	1,391	-	-	1,391
Recognition of outside equity interest	-	-	-	-	-	-	(771)	-	(771)
Balance at 31 March 2022	38,161	-	(198)	-	19	1,391	(771)	(24,544)	14,058

5 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vortiv Limited (Vortiv or the Company) and its controlled entities. The Group has control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are to be prepared in accordance with the policies disclosed in the parent company annual report. Reconciliation between Indian GAAP and AASB's has been performed to ensure consistency. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and ceases when the Company loses control of the subsidiary. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent has control.

Accounting for subsidiaries in parent financial statements

The investments in subsidiaries are measured at costs less any accumulated impairment.

b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, with limited exceptions. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If that amount is less than the fair value of the net identifiable assets, the difference is recognised directly in the profit and loss as a bargain purchase.

c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note b above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

d) Revenue

Revenue is assessed using the five-step method for recognising revenue from contracts with customers. The five-step method involves consideration of the following:

1. Identifying the contract with the customer
2. Identifying performance obligations
3. Determining the transaction price
4. Allocating the transaction price to distinct performance obligations
5. Recognising revenue

Revenue from contracts with customers

Revenue from operating of ATM and Bill Payment, including I-pay on-line are recognised on completion of processing of the transaction.

Any indirect taxes are excluded from revenue.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

e) Employee benefits

Employee benefits such as salary and wages are measured at the rate at which the Group expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

f) Leases

At the commencement date of a lease, the Group will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group will separately recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment.

g) Income tax

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

h) Other taxes

Revenues, expenses and assets are recognised net of the amount of indirect taxes except:

- where the taxes incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case those taxes are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of taxes included.

The net amount of taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the indirect tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of indirect taxes recoverable from, or payable to, the taxation authority.

i) **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The weighted average number of shares outstanding during the reporting period represents the equity structure of the legal parent, i.e. Vortiv Limited.

j) **Financial instruments**

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. The de-recognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) loans and receivables; and (iv) trade and other payables.

k) **Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

l) **Issued capital**

Issued and paid up capital are recognised at the consideration received by the Group.

Expenses (including the tax effect) incurred directly in relation to the issue of the equity instruments are deducted from equity.

m) **Financial assets at fair value through other comprehensive income (FVOCI)**

The investments in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which AASB 3 "Business combination" applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of par of the cost of the investment.

6 ACCUMULATED LOSSES

	31 March 2022 \$000	31 March 2021 \$000
Accumulated losses		
Balance at beginning of year	21,869	24,632
(Profit)/Loss for the year	2,675	(10,405)
Convertible notes repaid	-	(52)
Dividend payable	-	7,799
Expired options transferred to accumulated losses	-	(105)
Balance at end of the year	24,544	21,869

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	31 March 2022 \$000	31 March 2021 \$000
24.89% shareholding in TSI India opening balance	-	6,100
Movement in fair value of shareholding in TSI India	-	-
	-	6,100

As a result of the acquisition of the remaining 75% interest in TSI India this investment is no longer accounted for as a financial assets at fair value through other comprehensive income (refer note 8).

8 GOODWILL

During the year the company purchased the remaining 75% interest in TSI India resulting in goodwill on acquisition of \$1.267m. This business combination has been accounted for provisionally in accordance with AASB 3 *Business Combinations* and therefore the amounts recognised including goodwill may be retrospectively adjusted.

Net assets and goodwill acquired on acquisition:

	22 February 2022 \$000
Carrying value of investment prior to acquisition	6,100
Purchase consideration for remaining 75% interest	4,063
Total carrying value of investment in TSI India	10,163
Less carrying value of net assets acquired:	
Cash and cash equivalents	454
Trade and other receivables	8,626
Term deposits	17,746
Property, plant and equipment	30,918
Trade, other payables and provisions	(36,520)
Borrowings	(13,518)
Carrying value of net assets at acquisition date	7,706
Less other reserves previously recognised in relation FVOCI investment	(419)
Less 10% minority interest	(771)
Provisional goodwill recognised on acquisition	1,267

Full disclosure of business combination will be provided in the full statutory financial statements.

9 TRADE AND OTHER PAYABLES

	31 March 2022 \$000	31 March 2021 \$000
Trade payables	5,530	229
Employee entitlements	-	34
Other payables	12,130	2
	<u>17,660</u>	<u>265</u>

10 DISCONTINUED OPERATIONS

Effective 16 December 2020, Vortiv sold DWX and C10 for \$25 million to CyberCX.

	Year ended 31 Mar 2022 \$000	Year ended 31 Mar 2021 \$000
<i>Profit for the year from discontinued operations</i>		
Revenue	-	10,227
Expenses	-	(9,022)
Profit before tax	-	1,205
Attributable income tax benefit/(expense)	-	-
Profit after income tax of discontinued operations	-	1,205
Gain on sale of subsidiary after income tax	-	9,670
Profit from discontinued operations	-	10,875
Exchange differences on translation of discontinued operations	-	-
Profit for the year from discontinued operations	-	<u>10,875</u>
<i>Consideration received or receivable:</i>		
Cash	-	25,311
Business sale costs	-	(1,354)
Carrying amount of net assets sold	-	(11,056)
Gain on sale before income tax	-	12,901
Income tax	-	(3,231)
Gain on sale of subsidiaries after income tax	-	<u>9,670</u>
<i>Cash flows from discontinued operations</i>		
Net cash inflows from operating activities	-	164
Net cash outflows from investing activities (outflows to parent office)	-	(732)
Net cash outflows from financing activities	-	(30)
Effect of exchange rate movements	-	(10)
Net cash inflows/(outflows)	-	<u>(608)</u>

11 FOREIGN ENTITIES

The consolidated group includes TSI Investments (Mauritius) Pty Limited, a company incorporated in Mauritius and Transaction Solutions International (India) Private Limited, a company incorporated in India.

The financial reports of the foreign entities in the Group have been prepared under International Financial Reporting Standards (IFRS).

12 DIVIDEND PAYABLE

On the 11th of March 2021 Vortiv announced the payment of a fully franked dividend of 5.55 cents per share with a record date of 17 March 2021 to be paid on the 9th of April 2021. On the 19th of April 2021, the shareholders approved an equal capital reduction of 10.0 cents per share with a record date of 23 April 2021 paid on the 30th of April.

13 EVENTS SUBSEQUENT TO THE BALANCE DATE

No matters or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

14 PROGRESS OF AUDIT

This Appendix 4E is based on a Financial Report that is in the process of being audited.

15 AUDIT DISPUTE OR QUALIFICATION

None.