



31 July 2017

## **Significant Growth Momentum Continues**

- **Record quarter achieved in new enterprise contract signings and contracted revenue**
- **20 new enterprise customers signed during the quarter, including three major contracts**
- **Record sales for the quarter resulted in total contracted revenue from new contracts entered into during the quarter of AUD1.48m**
- **Sales pipeline at record levels**
- **Unaudited recurring revenue has increased 58% year over year**
- **Over AUD800K invoiced for the quarter**
- **Conversion of China App completed and proof of concepts underway**
- **New customer servicing platform being introduced**
- **New Enterprise platform User Interface nears release as well as two of three new Apps now in pre-delivery testing**

Risk, compliance and safety software provider Vault Intelligence Limited (ASX: VLT), (Vault, the Company) is pleased to provide its quarterly update on business development progress being made.

### **Business development**

The recently completed quarter saw an uplift in sales of the Company's product suite and the number of new contracts signed. In addition to the previously announced Restaurant Brands and New Zealand Post contracts, the Company secured a further 18 new Enterprise customer contracts during the period, resulting in a record quarter for contract signings and new revenue.

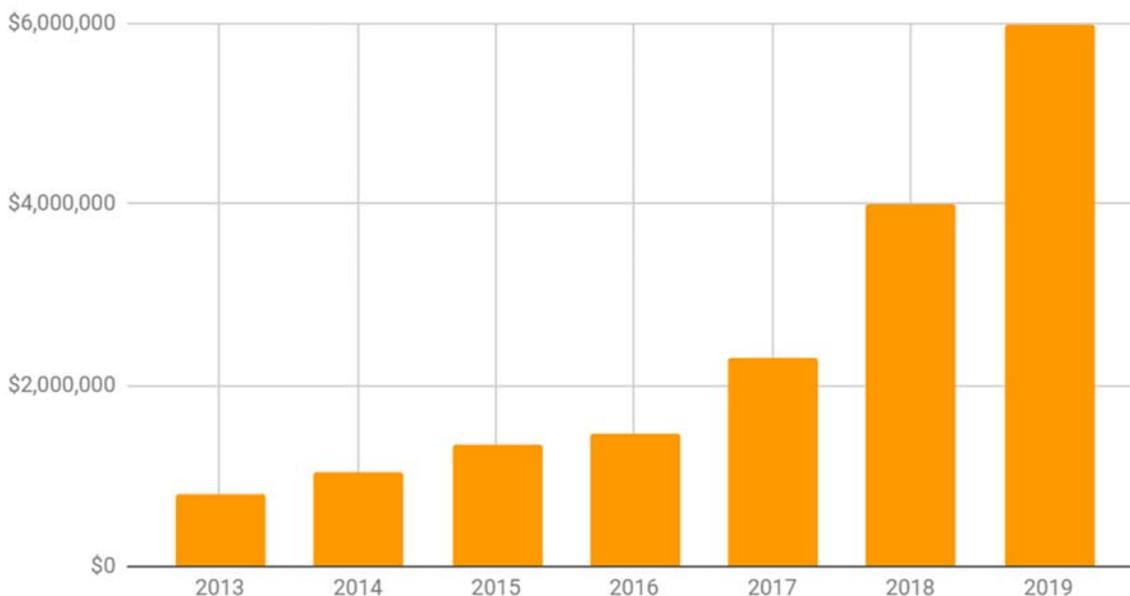
The licensing revenue alone from new contracts entered into during the quarter amounts to more than AUD1.3m over the three-year term of the contracts, which annualised is AUD0.43m to be added to existing annualised recurring revenues of approximately AUD 2.3m.

The Company is involved in many tender processes and proof of concepts in both Australia, New Zealand and South-East Asia and remains engaged with many local and major global groups about their risk and safety requirements.

The Company has recently appointed an experienced and successful enterprise sales executive to head up enterprise sales and continue the drive and momentum achieved over

the last two quarters. This has added significant capability to the business and has opened additional networks, channels and opportunities and is already producing results.

### Recurring Subscription Revenue



### Recurring Revenue<sup>1</sup>

The chart above illustrates the growth in the Company's Annualised Recurring Revenue (ARR) over the last two years together with the expected growth in ARR<sup>1</sup> over the next two years due to the projected growth in the Company's customer base and the resultant recurring licence revenue<sup>1</sup>.

In its transition to becoming a 'Software as a Service' (SaaS) business, Vault has become one of the first adopters of the new AASB 15 - 'Revenue' accounting standard. This standard requires revenue from software services to be recognised over the service period of the contract, rather than when payment is received. ARR represents the annual value of all software subscriptions currently under contract. Vault has adopted ARR as the key metric for measuring performance of the business as it demonstrates ongoing sustainable revenue and/or increasing customer contracts.

The Company has experienced a significant lift in sales over the quarter ended 30 June 2017, and the Company expects that ARR will continue to grow at this level (AUD400k to AUD500k in new ARR per quarter) for the foreseeable future<sup>1</sup>. The management systems, product development and sales strategies that the Company has been refining are now producing and delivering a significant improvement in results. The appointment of the new enterprise sales manager will complement and add to what has been achieved over the last six months.

## **Technical development**

Vault continued work on improving UI/UX on its existing Apps. Response to the upgrade of existing Apps and the new Apps from existing customers has been particularly encouraging. Launch of two of three new Apps is forecast to occur in Q1 and pre-sales discussions with existing and potential clients has been very positive.

The Enterprise platform has also been the subject of UI/UX upgrade and is being prepared for market launch. The Company is looking forward to introducing the new look Enterprise platform to new and existing customers. The new package is expected to significantly enhance the opportunities and conversions of new sales over coming months.

## **China development**

The Company has been working to convert several of its Applications for use in China. The Company is pleased to advise that first trials of the Check App product are underway with several companies.

Feedback from parties the Company has engaged with and other meetings with potential customers to promote the Vault solution continues to be very encouraging. Vault is positioning itself to take advantage of a huge market that lacks a suitable product. All this has been achieved on minimal resources and funding. Vault's strategy will be executed through China based alliances and resellers. Vault has been selected as one of four companies to be sponsored by Austrade which is aiding penetration into the Chinese market as well as facilitating introductions.

As advised earlier in this year, Chinese legislation now requires businesses in China to install software based solutions to manage their environmental, health and safety obligations. This is a completely new market in China.

Whilst Vault is focused on its core Aust/NZ business and its growth, China is an unusual opportunity and one the Company will continue to pursue.

## **Corporate**

During the quarter, the Company placed 50m shares to institutional and sophisticated investors at AUD0.03 per share to raise net proceeds of ~AUD1.41m. The Company also conducted an SPP at the same price and raised AUD0.16m.

Cash at the end of the quarter is AUD1.69m.

The company has recently conducted a strategic review into the operation of Vault during the last financial year and has implemented measurable initiatives to improve efficiencies and performance. The key areas covered during the review focused on Enterprise sales, alliances and channels; internal and external communication and promotion, as well as streamlining operations and resources to minimise expenses and cash burn. Subsequently the Board has approved a rigorous budget aimed at decreasing the cash burn over the coming quarters as the ARR continues to increase. Management will be closely monitoring the adherence of costs against the approved budget for FY 17/18.

**Notes:**

<sup>1</sup> Forecast ARR is based on existing ARR from contracted sales, combined with the expected increase in ARR resulting from continuing sales momentum (expected new sales are expected to add AUD400k to AUD500k in ARR per quarter). The expected increase in ARR takes into account the substantial increase in ARR over the past six months together with the existing sales pipeline, the Company's historical experience in converting new customers and the expected increase in the sales pipeline and conversion rates as a result of the continued growth and development of the Company's sales team.

Forecast ARR reflects the Company's views as at the date of this document. Such forward looking financial information is subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the Company's control. Whilst the Company believes that its forecast ARR has been made on reasonable grounds and that the assumptions on which the forecast is based are reasonable, ARR is subject to a variety of factors that are likely to cause actual results to vary from the forecast, and such variations may be material. For these reasons, undue reliance should not be placed on any such forecast financial information.

Ends.

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*Vault Intelligence Limited (ASX: VLT) is an online/SaaS development business specialising in creating solutions in the Risk, Environment, Health and Safety (EHS) sector. Vault operates across more than 30 industries and in several parts of the world.*

*Vault's leading cloud-based systems provide its clients with the benefits of cost savings and the availability of real-time information to monitor, maintain and improve their businesses. Driven by a passionate team of developers and EHS industry experts, Vault delivers its enterprise-level software and mobile solutions to more than 2,000 business sites, encompassing 1,000,000+ users.*

*To find out more about how Vault solutions can help to minimise risk and boost effectiveness in your workplace visit [www.vaultintel.com](http://www.vaultintel.com)*

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Vault Intelligence Ltd

**ABN**

15 145 040 857

**Quarter ended ("current quarter")**

30 June 2017

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(.12..months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 804                                | 2,847   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | (268)                              | (715)   |
| (b) product manufacturing and operating costs             | (14)                               | (63)  |
| (c) advertising and marketing                             | (195)                              | (703)   |
| (d) leased assets   | (4)                                | (53)  |
| (e) staff costs   | (527)                              | (2,081)   |
| (f) administration and corporate costs                    | (416)                              | (2,150)   |
| 1.3 Dividends received (see note 3)                       |                                    |   |
| 1.4 Interest received                                     | 2                                  | 19  |
| 1.5 Interest and other costs of finance paid              | (7)                                | (42)  |
| 1.6 Income taxes paid                                     | (29)                               | (31)  |
| 1.7 Government grants and tax incentives                  |                                    |   |
| 1.8 Other (provide details if material)                   |                                    |   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(654)</b>                       | <b>(2,972)</b>                                    |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire:                                  |                                    |   |
| (a) property, plant and equipment                         | (1)                                | (104)   |
| (b) businesses (see item 10)                              |                                    |   |
| (c) investments   |                                    |   |

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(.12..months)<br>\$A'000 |
|---|----------------------------|--|
| (d) intellectual property                                 |                            |  |
| (e) other non-current assets                              |                            | (11)                                     |
| 2.2 Proceeds from disposal of:                            |                            |  |
| (a) property, plant and equipment                         |                            |  |
| (b) businesses (see item 10)                              |                            |  |
| (c) investments   |                            |  |
| (d) intellectual property                                 |                            |  |
| (e) other non-current assets                              |                            |  |
| 2.3 Cash flows from loans to other entities               |                            |  |
| 2.4 Dividends received (see note 3)                       |                            |  |
| 2.5 Other (provide details if material)                   |                            |  |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(1)</b>                 | <b>(115)</b>                             |

|   |              |            |
|---|--------------|------------|
| <b>3. Cash flows from financing activities</b>                                  |              |            |
| 3.1 Proceeds from issues of shares  | 1,658        | 1,658      |
| 3.2 Proceeds from issue of convertible notes                                    |              |            |
| 3.3 Proceeds from exercise of share options                                     |              |            |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (92)         | (271)      |
| 3.5 Proceeds from borrowings  |              |            |
| 3.6 Repayment of borrowings   |              | (549)      |
| 3.7 Transaction costs related to loans and borrowings                           | (2)          | (15)       |
| 3.8 Dividends paid  |              |            |
| 3.9 Other (provide details if material)   |              |            |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>1,564</b> | <b>823</b> |

|   |       |         |
|---|-------|---------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 786   | 3,884   |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (654) | (2,972) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (1)   | (115)   |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 1,564 | 823     |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(.12..months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.5   | Effect of movement in exchange rates on cash held  | (8)                                | 67  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b> | <b>1,687</b>                       | <b>1,687</b>                                      |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 1,383                              | 635                                 |
| 5.2        | Call deposits   | 409                                | 393                                 |
| 5.3        | Bank overdrafts   | (105)                              | (242)                               |
| 5.4        | Other (provide details)   |                                    |                                     |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>1,687</b>                       | <b>786</b>                          |

**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**

119

Includes directors fees, salaries and superannuation.

**7. Payments to related entities of the entity and their associates**

- 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

**Current quarter  
\$A'000**

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 8.1 Loan facilities  | 320  | (105)                                     |
| 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. |  |   |

Variable interest rate overdraft facility with Westpac secured with a term deposit.

| 9. <b>Estimated cash outflows for next quarter</b> | \$A'000        |
|--|----------------|
| 9.1 Research and development                       | (323)          |
| 9.2 Product manufacturing and operating costs      |                |
| 9.3 Advertising and marketing                      | (208)          |
| 9.4 Leased assets                                  | (4)            |
| 9.5 Staff costs                                    | (594)          |
| 9.6 Administration and corporate costs             | (253)          |
| 9.7 Other (provide details if material)            |                |
| <b>9.8 Total estimated cash outflows</b>           | <b>(1,382)</b> |

| 10. <b>Acquisitions and disposals of business entities<br/>(items 2.1(b) and 2.2(b) above)</b> | Acquisitions | Disposals |
|--|--------------|-----------|
| 10.1 Name of entity  |              |           |
| 10.2 Place of incorporation or registration  |              |           |
| 10.3 Consideration for acquisition or disposal   |              |           |
| 10.4 Total net assets  |              |           |
| 10.5 Nature of business  |              |           |

**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.

Sign here: ..... Date: ....31/7/2017.....  
(Director/Company secretary)

Print name: Lloyd Flint

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.