







31st January 2018

Vault Intelligence Limited December Quarterly Report and Appendix 4C

Key contracts won and Partner Channels start delivering Southeast Asia sales

Vault Intelligence Limited (**ASX: VLT**) (**Vault** or **the Company**), the leading SaaS business delivering solutions in the Risk, Environment, Health and Safety (**EHS**) sector is pleased to provide its 4C report for the second quarter of the 2017 - 2018 financial year.

December Quarter 2017 Highlights

-  **Vault secures \$4.5 million in Capital Investment during the quarter.** Vault finalised a successful \$4.5 million capital raise which was heavily oversubscribed.
-  **Partner Channel converts first Southeast Asia deal.** GRC Partners Asia has delivered its first key customer for Vault with the signing of Pavilion; the largest shopping mall in Kuala Lumpur.
-  **Vault has continued its sales momentum and has achieved new Annualised Recurring Revenue (ARR) of \$327,000 for the quarter.** A good result for the quarter with the significantly reduced sales period, which places Vault firmly on target to deliver its forecasted ARR for the fiscal year. Several contracts have been delayed to Q3 due to the December business wind down period.
-  **Receipts for the quarter were strong at \$810,000.** A positive result for the quarter in the context of customers reluctance to install systems and train staff due to the delayed release of Vault 3 Enterprise Platform (**Vault 3**). Half yearly cash receipts are up approximately 14% compared to the prior year.
-  **China expansion gains momentum and is poised for strong results in the upcoming quarters.** Vault presence and partnerships have expanded in China and is now targeting the energy and power vertical, with positive signs for growth and revenue in the upcoming quarters.
-  **Game changing new multilanguage Vault Platform ready to deliver results.** Vault 3 is now complete and was launched on 15 January 2018. The release of Vault 3 comes with strong anticipation of greater sales penetration and uptake globally, with its class leading interface and multi language capability.



Sales Performance

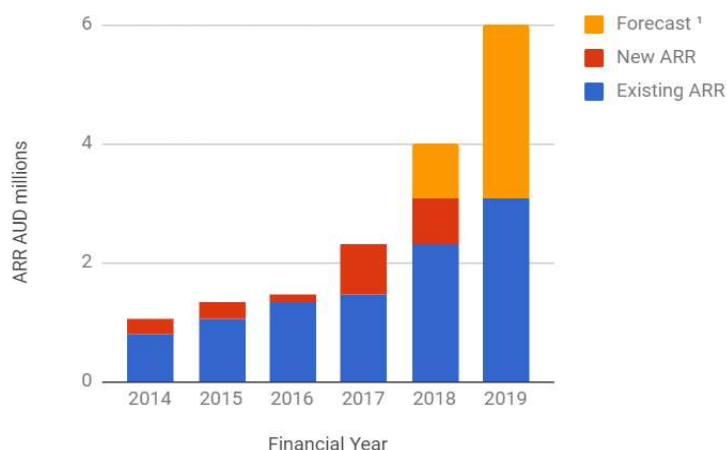
Sales during Q3 were better than expected despite the considered and deliberate delay in the release of the Vault 3 Enterprise Platform which many new and existing customers have been waiting to purchase. The Vault 3 release was delayed as it has been enhanced beyond levels that were initially planned and, although this has slightly impacted results for Q2 sales levels, it is expected to produce better results for the Company in the long term.

The launch of the enterprise platform was delayed until January 2018 and it affected the ability of the sales team to contract customers in Q2. The positive news is that customers have been patient and Vault 3 will provide the best platform for the sales team to deliver **excellent results in Q3, Q4 and beyond.**

The solid results in Q2 have kept the Company well on **target to deliver the forecasted contracted ARR results** for this fiscal year, which for FY18 is set at \$1.6m - \$2m of new contracted ARR.

Despite the late release of Vault 3, the Company **continued its momentum** and secured several key customer signings during the quarter, including the signing of GUD Holdings Ltd, an S&P/ASX 200 Index company. This is a strong endorsement of the sales win matrix strategy working within verticals, such as the S&P/ASX 200 Index, in which Vault currently has seven customers and this will continue to be a focus to attract and secure larger sales.

In addition to the **new ARR contracted and secured for the quarter of \$327,000**, several customers elected to delay contracting until the new calendar year due to business wind down over December. These **contracts will be processed in Q3** and provides Vault with an excellent start to the quarter.



¹ Projections for ARR are based upon current ARR and the ARR attained Q4 2016-17 in contracted sales, together with continuing sales momentum at the level achieved in that quarter. The Company believes this is reasonable as it has experienced a substantial lift in the sales pipeline over the prior six months. The Company believes the sales pipeline will continue to generate new sales at this level (AUD400k - AUD500k ARR per quarter) for the next two years as it continues to grow and develop its sales team. The Company has a sophisticated sales management system which provides substantial detail on how the sales process is advancing in terms of sales progress and this together with sales team experience is utilised in assessing the likelihood of future contracts closing. ARR is reported to the market on the basis of actual contract signing and there may be timing differences between the actual signing of new contracts and the commencement of payments by the new contracted party. For financial reporting purposes, the Company adheres to AASB 15 – Revenue from Contracts with Customers. As a guide payments typically commence within one to three months of contract signing.

The **Company Sales Pipeline is presenting numerous opportunities** in both the long and the short term and has now grown **six fold in the past 18 months** to be in excess of **AUD20 million with qualified opportunities at AUD7.9m**. Vault continues to be intently focused on converting the advanced opportunities in the sales pipeline, to ensure this level of sales momentum is achieved or exceeded in the upcoming quarters.



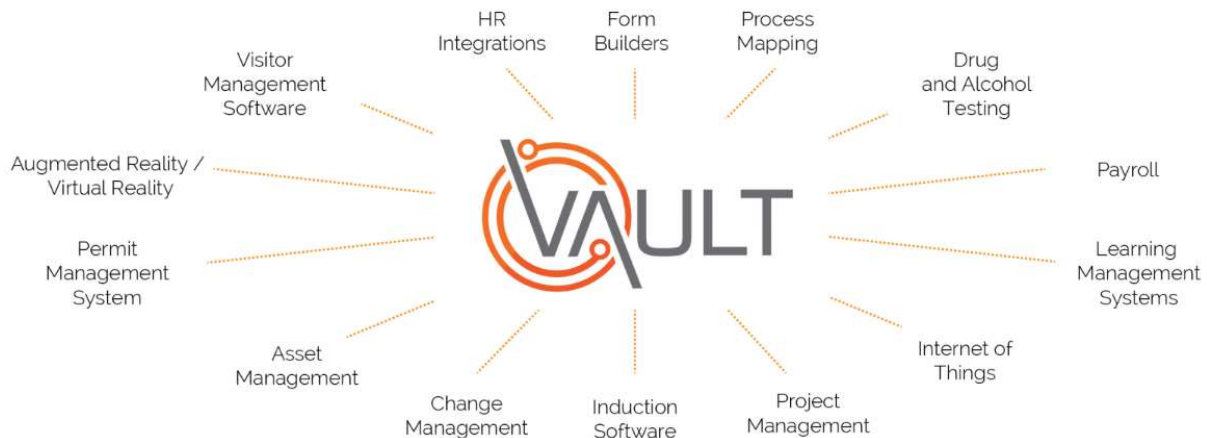
Product Development

Vault's central focus for product development this quarter has been the design, functionality, testing and quality assurance of **Vault 3 - the new multilanguage, fully responsive and Open Enterprise Platform**. Vault 2 has been a successful platform for the Company however Vault 3 takes the Company to a new level of offering and will place it firmly in the **top echelon** of risk and safety product suite providers **globally**. The new platform's modern, new and responsive interface allows PCs, tablets and smart phones access to all of the features, reconfigured workflows, enhanced accountability and, in general, creates a great user experience. Quality assurance and beta testing by several customers has been overwhelmingly positive to the new system design and functional changes.

Due to the enormity of the Vault 3 redevelopment and the added functionality and design, it was decided to **delay the release of Vault 3 by approximately two months** to ensure a high quality product was released. This decision, impacted on numerous areas of the business, and in particular the sales team. However, the end product will be game changing for Vault with **greater sales penetration and scalability** with global software stacks and opportunities.

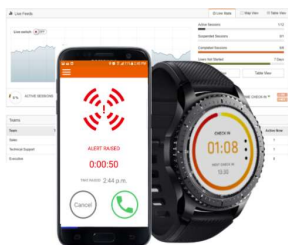
Vault 3 was **successfully launched on 15 January 2018** and the response has been significant and well received. Further to the much awaited release of Vault 3, the Enterprise Platform is now being **language converted to Simplified Chinese** and will be tested, localised, quality assured and planned to be ready for release to the China market in Q3/Q4.

Vault 3 has been also been positioned for **future expansion** and technology advancements. **Advancing technology such as AI** will be used for predictive analysis of data contained within Vault 3; **Blockchain technology** for system, file, information security and auditing compliance, as well as advanced secure mediums for capture of information from surveillance, screening and information transmitting sources.



Vault 3 has moved to a total **Open Platform** as detailed above, creating an environment where third party applications are able to integrate with the Enterprise Platform and in doing so create the Vault Ecosystem. This **unique ecosystem** will create an environment similar to the way in which other software operators such as HubSpot, Xero, Adobe and Cisco have successfully progressed with exponential growth. The Vault 3 Open Platform will create **greater exposure and awareness** of the Vault product suite.

Vault's development of new apps has culminated in the **upcoming launch in March 2018 of Vault Solo**, a lone worker application which allows supervisors and managers to protect and manage the safety of workers on-site and out in the field.



With Vault Solo, managers will be able to keep lone workers connected while they are out in the field or working in isolated conditions. Protecting workers by staying in contact through regular check-ins, monitoring movements, automatic alerts that include distress situations and geo-fencing are just some of the key deliverables of Vault Solo.

Anticipated demand for the app is significant and pre-sales marketing interest has been very strong for the app, which Vault is determined to develop into a class leading addition to the Vault product suite.

China / Southeast Asia Expansion

Vault has made significant ground during this quarter in establishing the Vault business in China, and has laid a good foundation to make Vault the first and most importantly, class leading enterprise Risk and Safety software provider in China. In line with this strategy, Vault is now formally **registering its business in China** to further position itself as a local entity and provider of its software to public and State Owned Enterprises.

Vault is pleased to advise the appointment of a Mandarin speaking software engineer to the Melbourne development team which will now comprise three committed to Chinese product. This signifies Vault's commitment to the China product expansion, as language and product localisation has been a key bottleneck to product development.

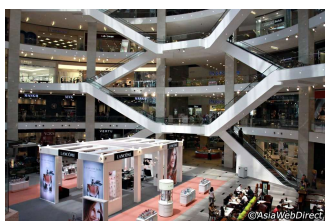
The initial signing of the Shanghai Council as a customer has been the catalyst for Vault to gain **further partners, channels, opportunities and sales** in China. The Shanghai Council and its Riverside Project have recently promoted the benefits that the Vault software has contributed to their efficiency and innovation on the iconic Riverside Project. Vault CEO David



Moylan commented; *"The China market in particular is poised in anticipation for an enterprise risk and safety product and Vault is about to deliver. The market demand is strong and Vault has a clear window to jump into this space and dominate. We have invested significant time and resources to get this right and we are now ready to take advantage of the considered approach we have taken with the Chinese release of our enterprise platform."*

Vault has also taken an **industry vertical approach** to complement its normal direct and sales channel approach with planned product and marketing to selected verticals as part of its sales strategy. The first vertical chosen as the focus for Vault is the **Energy / Power vertical** which is a significant industry in China with approximately 3000 power stations alone located in China. The vertical has been driven by partners with deep expertise in the sector and Vault is currently piloting its software with a substantial client of the partner.

Vault is also pleased to announce the **first key signing** by GRC Partners Asia (**GRC**) of the **Pavilion shopping mall** located in central Kuala Lumpur. Pavilion is Kuala Lumpur's largest shopping centre and is owned by the Pavilion Real Estate Investment Trust which owns three



large shopping malls and one office tower.

Vault is **working in partnership with GRC** who are well respected and connected in the risk and safety verticals throughout Southeast Asia.

The response has been very positive as demonstrated with the signing of Pavilion and we anticipate seeing greater sales penetration during the upcoming quarters.

Corporate Financial Notes

The Company ended the quarter with AUD equivalent funds of **\$4.255 million in cash** and receivables (receivables of \$193,000).

The Company conducted a successful capital raising on 27 October 2017 which was oversubscribed. The capital raised was approx. \$4.5 million excluding costs. The Company has positioned **five institutional investors** on the register and is now well backed, funded and positioned to scale.

Higher than normal costs were incurred in Q2, with significant expenses from outsourced offshore development associated with the new user interface and functionality for Vault 3, which has now been completed. This **expenditure will reduce** over the following quarter and the Company is pursuing the Australian Government research and development grant which may offset a significant portion of expenditure on product development.

With the successful capital raise, the Company is committed to achieving a cash flow positive position using existing resources and funds. Management will continue to carefully manage costs in-line with the approved FY18 Strategy and budget and is **on target to deliver its key performance metric of new ARR** for the year.

Ends.

For more information:

Investor Relations
Evy Litopoulos
+61 419 773 505
evy@vaultintel.com



About Vault Intelligence Limited

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 1,000,000+ people across 30 industries.

To find out more about how Vault solutions can help to minimise risk and boost effectiveness in your workplace, visit www.vaultintel.com

Follow Us On



Caution Regarding Forward Looking Statements

This announcement may contain forward looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. Unless expressly stated, the Company does not provide any forecast regarding revenues that maybe derived from a particular customer contract, as such revenues are generally dependent upon the extent of the usage of the Company's product suite. Any forward looking statements are made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward looking statements, whether as the result of new information, future events or results or otherwise.

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")

31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6.months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		810	1,799
1.2 Payments for			
(a) research and development		(254)	(433)
(b) product manufacturing and operating costs		(121)	(193)
(c) advertising and marketing		(193)	(350)
(d) leased assets		(5)	(10)
(e) staff costs		(673)	(1,382)
(f) administration and corporate costs		(460)	(994)
1.3 Dividends received (see note 3)			
1.4 Interest received		5	9
1.5 Interest and other costs of finance paid		(8)	(16)
1.6 Income taxes paid		-	(2)
1.7 Government grants and tax incentives			
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		(899)	(1,572)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(2)	(4)
(b) businesses (see item 10)			
(c) investments			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6.months) \$A'000
	(d) intellectual property	(149)	(201)
	(e) other non-current assets		
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)		
2.6	Net cash from / (used in) investing activities	(151)	(205)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,500	4,500
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	(297)	(316)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(1)	(2)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	4,202	4,182

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	922	1,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(899)	(1,572)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(151)	(205)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,202	4,182

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6.months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(12)	(30)
4.6	Cash and cash equivalents at end of quarter	4,062	4,062

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,679	751
5.2	Call deposits	391	394
5.3	Bank overdrafts	(8)	(223)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,062	922

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**

137

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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	318	8
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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(287)
9.2 Product manufacturing and operating costs	(115)
9.3 Advertising and marketing	(75)
9.4 Leased assets	
9.5 Staff costs	(864)
9.6 Administration and corporate costs	(355)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(1,699)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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: 

Company secretary

Date: 31 January 2018

Print name: Paige Exley

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.