28 August 2019

# Vault Intelligence Limited

# FY2019 Financial Statements - Appendix 4E

## Record CARR Growth, Record Cash Receipts, Significant Addressable Market Growth and Commitment to $10M CARR in FY2020

| | | | |
|---|---|---|---|
| **Total Addressable Market** | **$21.6 Billion** | **26%⇧ Year on Year** | **Solo**, Vault's globally scalable people monitoring solution **taps into a massive, untapped and rapidly growing, global market** |
| **Net New CARR** | **$2.71 Million** | **168%⇧ Year on Year** | Record growth comprising **$1.4M** of **Solo** sales and continued 30% year on year growth in Vault Enterprise |
| **Total CARR** | **$6.02 Million** | **82%⇧ Year on Year** | **Record CARR growth** with new products and markets still untapped |
| **Total Cash Receipts** | **$5.33 Million** | **33%⇧ Year on Year** | **Record cash receipts** supported by research and development grants |

**Table 1.** FY2019 Highlights

## Total Addressable Market

Vault is now operating in a massive and rapidly growing market. The company's launch into the global people monitoring mobile/wearable market with Vault Solo has vastly expanded the company's total addressable market to an estimated **AUD$21.6 billion** by the end of FY2019. Global penetration of the leading Vault Solo product is possible due to the universal applicability of the solution, without the need for jurisdictional regulatory and compliance changes. **Global applicability is proven** with **significant sales and/or trials underway on all continents**.

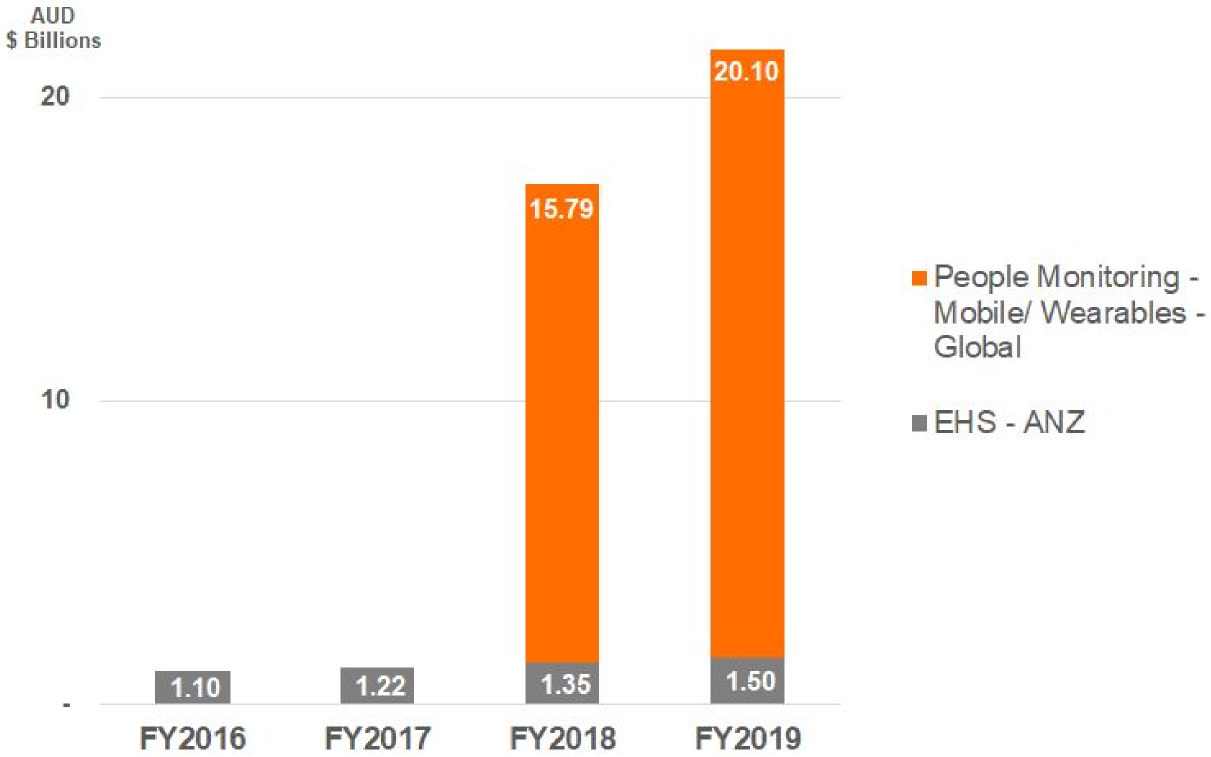


**Figure 1**. Total Addressable Market[1]

## Net New CARR

Inaugural sales in Vault's people monitoring solution, Vault Solo, drove record CARR growth in FY2019. These sales, whilst significant for Vault, represent a drop in the ocean of a massive, globally emerging and largely untapped market. Vault's **Solo** solution provides Vault a **first mover advantage** in the business to business market, from small to large enterprises.

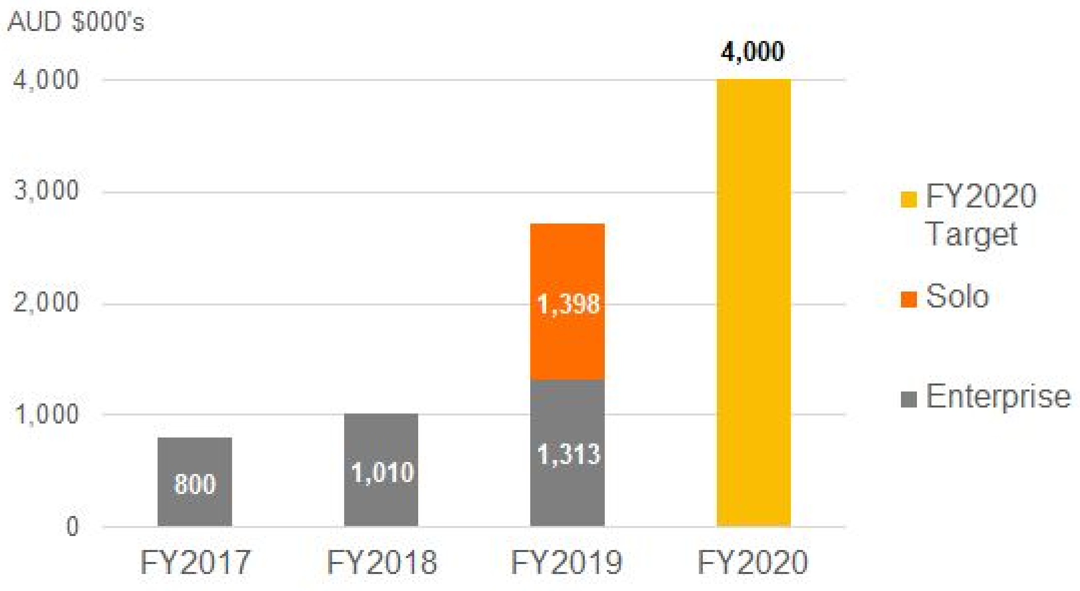


**Figure 2**. Net New CARR

## Total CARR

While Vault's Enterprise product CARR continued to grow in FY2019 at 40%, overall year on year CARR growth of 82%, as noted above, was driven by Vault Solo. As previously advised, Vault is targeting a minimum of **$10M CARR in FY2020**

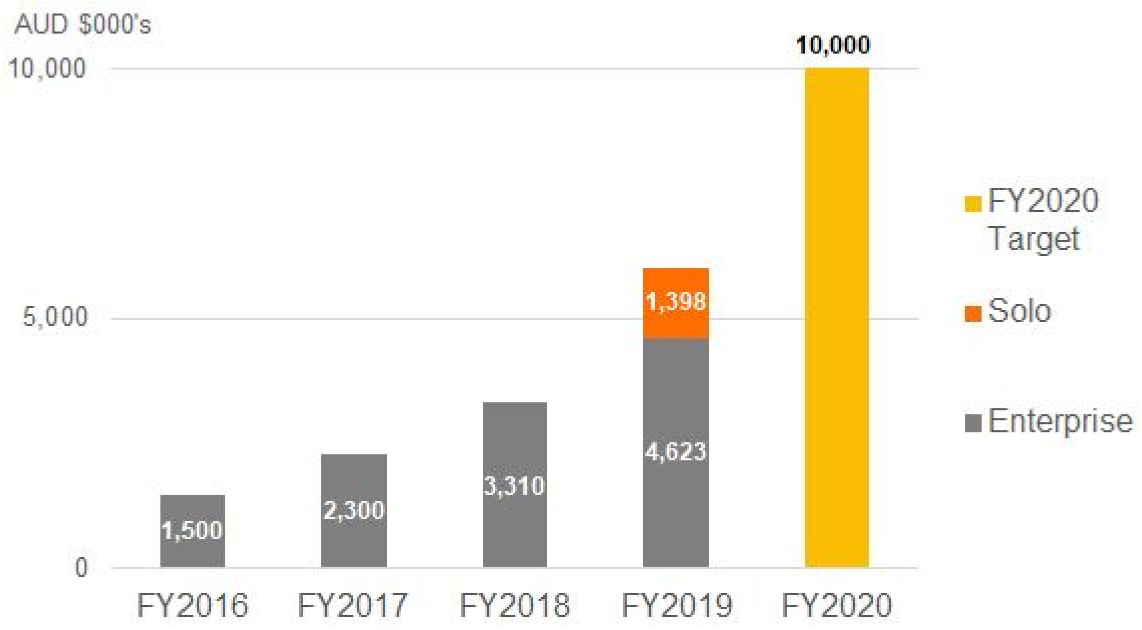


**Figure 3**. Total CARR

## Total Cash Receipts

Total cash receipts continue to grow at **27% CAGR**. Future cash receipts will be underpinned by record CARR growth in FY2019 and going forward.

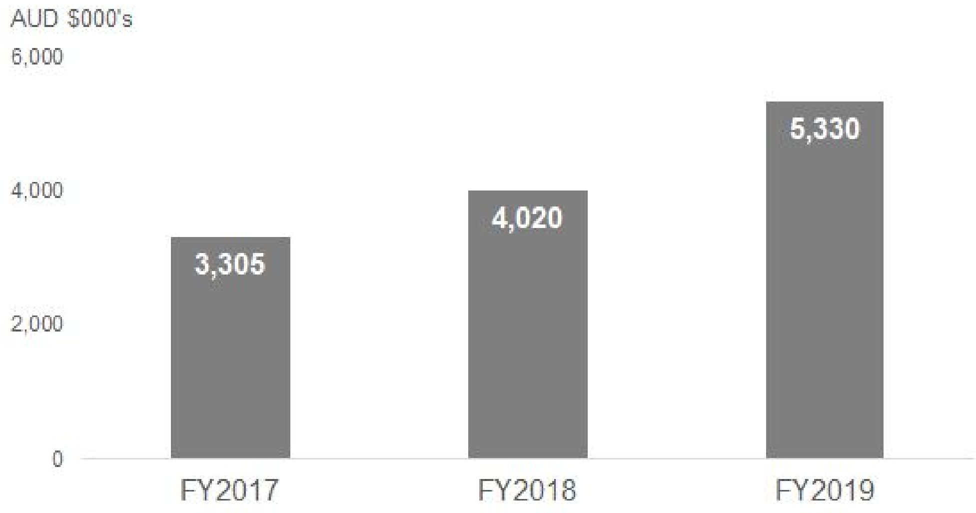


**Figure 4**. Total Cash Receipts

Notes:

1. Estimates of the People Monitoring - Mobile and Wearable market is sourced from a report by Mordor Intelligence which forecasts global CAGR to 2023 at 27.3%. Estimate of the EHS market in Australia & New Zealand (ANZ) is derived and estimated by VLT from a report by "MarketandMarkets" forecasting global CAGR to 2022 of 11.1%.
2. CARR is defined as the Annual Recurring Revenue of all active subscription services (as at defined date) being delivered by Vault, plus, the future committed annual recurring revenue (as at defined date via either a signed contract, signed heads of agreement or other supporting documentation to confirm terms) of subscription services yet to commence. Future committed annual recurring revenue is measured as the total committed contract value divided by the contract term measured in years.

Ends.


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## 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.

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## *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 may be 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 a result of new information, future events or results or otherwise.*

# Vault Intelligence Limited

**ASX Preliminary final report –**
**30 June 2019**

**Lodged with the ASX under Listing Rule 4.3A**

## Contents

Results for Announcement to the Market

| | 12 months ended 30 June 2019 $ | 12 months ended 30 June 2018 $ | Percentage increase / (decrease) over previous corresponding period |
|---|---|---|---|
| **Revenue from ordinary activities** | 3,629,670 | 3,054,232 | 18.84% |
| **(Loss)/profit from ordinary activities after tax attributable to members** | (4,760,325) | (2,659,915) | (78.97%) |
| **Net (Loss)/profit attributable to members** | (4,760,325) | (2,659,915) | (78.97%) |

| **Dividends/distributions** | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend | Nil | Nil |
| Interim dividend | Nil | Nil |

**Record date** for determining entitlements to the dividend — Not Applicable

**Explanation of Revenue**

Vault's primary source of revenue, software revenue, is delivered via a subscription to its cloud-based enterprise platform and accompanying mobile apps. Revenue from providing services via the Vault's platform and applications is recognised over the subscription period of the customer's contract. This results in the recognition of a liability on the balance sheet with respect to deferred income to be recognised over the course of the remainder of the subscription period.

**Explanation of Net Profit/(loss)**

The company increased its revenue from ordinary activities to $3.629m (up 18.89%) primarily from a 23.4% increase in software subscription revenue from customers.

Gross Profit of $2.05m is a 29% increase on the previous year and an improving margin of 58%. Total operating expenses of $5.85m were $1.95m greater than the previous year. 78% of this increase related to increased spend in Cost of Growth and Product Development costs. Cost of Growth includes costs incurred to grow the Group's Contracted Annualised Recurring Revenue and explore new markets.

Vault has continued to invest in its growth strategy in 2019 by:

- Expanding and adding experience to its product design and development;
- Strengthening its product development processes;
- Opening a dedicated office in Singapore;
- Releasing to the market Vault Solo, a solution for protecting lone workers; and
- Investing in modern systems to allow efficient and scalable growth;

Refer to the separate Operations Review released with this Appendix 4E for further commentary on the results for the year ended 30 June 2019.

# Vault Intelligence Limited

ABN 15 145 040 857

## *Appendix 4E - 30 June 2019*

## Contents



This Appendix 4E is for the Group consisting of Vault Intelligence Limited and its subsidiaries.
The Appendix 4E is presented in Australian dollars ($).

Vault Intelligence Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Vault Intelligence Limited
Level 18
1 Nicholson Street
East Melbourne VIC 3002

All press releases, financial reports and other information are available at our Shareholders' Centre on our website:
www.vaultintel.com

## Consolidated statement of comprehensive income
for the year ended 30 June 2019

| | Notes | Consolidated entity 2019 $ | 2018 $ |
|---|---|---|---|
| Software revenue | 4 | **3,116,631** | 2,524,699 |
| Other revenue | 4 | **450,528** | 502,556 |
| Interest received | | **31,768** | 26,977 |
| Foreign exchange gain | | **30,743** | - |
| **Total Revenue and Income** | | **3,629,670** | 3,054,232 |
| Marketing and advertising | | **(256,899)** | (182,085) |
| Occupancy expenses | | **(371,382)** | (334,618) |
| Administrative expenses | | **(884,834)** | (483,250) |
| Employee benefits expense | | **(5,561,639)** | (3,679,644) |
| Depreciation and amortisation | | **(833,548)** | (401,654) |
| Interest expense | | **(31,378)** | (31,329) |
| Bad debts expense | | **(8,555)** | (2,791) |
| Loss on disposal of assets | | **-** | (1,552) |
| Share based payments | | **(95,162)** | 68,017 |
| Web hosting expense | | **(259,554)** | (213,875) |
| Foreign exchange loss | | **-** | (143,293) |
| Travel expenses | | **(297,436)** | (322,817) |
| Insurance expenses | | **(61,363)** | (33,165) |
| Other | | **(368,949)** | (296,558) |
| **Operating loss** | | **(5,401,029)** | (3,004,382) |
| **Other Income** | | | |
| Government grants | 5(a) | **765,951** | 271,657 |
| Net gain/(loss) on disposal of property, plant and equipment | 5(a) | **-** | 9,144 |
| **Loss before income tax** | | **(4,635,078)** | (2,723,581) |
| Income tax expense | 6 | **-** | - |
| **Loss for the year** | | **(4,635,078)** | (2,723,581) |
| **Other Comprehensive income/(loss) for the year** | | | |
| *Items that may be reclassified to profit and loss* | | | |
| Foreign currency translation reserve differences | | **(125,247)** | 63,666 |
| | | **(125,247)** | 63,666 |
| **Total comprehensive loss for the year** | | **(4,760,325)** | (2,659,915) |
| Loss attributable owners of Vault Intelligence Ltd: | | | |
| | | **(4,760,325)** | (2,659,915) |

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Consolidated statement of comprehensive income *(continued)*
for the year ended 30 June 2019

| | **2019 Cents** | 2018 Cents |
|---|---|---|
| **Loss per share for loss attributable to the ordinary equity holders of the Company (note 11):** | | |
| Basic earnings per share (cents) | **(4.668)** | (3.401)* |
| Diluted earnings per share (cents) | **(4.668)** | (3.401)* |

* *The 2018 loss per share has been restated to account for the 1:10 share consolidation completed in November 2018 in order to reflect a true comparison. The loss per share in 2018 prior to the 1:10 share consolidation was 0.340 cents.*

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Consolidated balance sheet
as at 30 June 2019

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7(a) | **2,432,906** | 2,168,782 |
| Trade and other receivables | 7(b) | **596,118** | 604,030 |
| Current tax receivables | | - | 5,569 |
| Total current assets | | **3,029,024** | 2,778,381 |
| **Non-current assets** | | | |
| Property, plant and equipment | 8(a) | **223,112** | 206,177 |
| Intangible assets | 8(b) | **2,901,263** | 1,894,183 |
| Other non-current assets | | **55,108** | 35,671 |
| Term and security deposits | | **452,018** | 437,824 |
| Total non-current assets | | **3,631,501** | 2,573,855 |
| **Total assets** | | **6,660,525** | 5,352,236 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7(c) | **1,083,554** | 414,194 |
| Borrowings | 7(d) | **66,365** | 24,961 |
| Bank overdraft | 7(a)(i) | **72,191** | 35,661 |
| Employee benefit obligations | 8(c) | **265,698** | 189,311 |
| Deferred revenue | 7(e) | **1,548,765** | 1,192,347 |
| Total current liabilities | | **3,036,573** | 1,856,474 |
| **Non-current liabilities** | | | |
| Borrowings | 7(d) | **83,622** | 94,194 |
| Employee benefit obligations | 8(c) | **18,861** | - |
| Total non-current liabilities | | **102,483** | 94,194 |
| **Total liabilities** | | **3,139,056** | 1,950,668 |
| **Net assets** | | **3,521,469** | 3,401,568 |
| **EQUITY** | | | |
| Share capital | 9(a) | **22,686,132** | 17,901,068 |
| Other reserves | 9(b) | **659,958** | 690,043 |
| Accumulated losses | | **(19,824,621)** | (15,189,543) |
| **Total equity** | | **3,521,469** | 3,401,568 |

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

## Consolidated statement of changes in equity

for the year ended 30 June 2019

| Consolidated entity | Notes | Attributable to owners of Vault Intelligence Limited<br>Share capital<br>$ | Option Reserve<br>$ | Accumulated losses<br>$ | Foreign currency translation reserve<br>$ | Total equity<br>$ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2017** | | 13,678,022 | 883,998 | (12,465,962) | (189,606) | 1,906,452 |
| Loss for the year | | - | - | (2,723,581) | - | (2,723,581) |
| Other comprehensive loss | | - | - | - | 63,667 | 63,667 |
| **Total comprehensive loss for the year** | | **-** | **-** | **(2,723,581)** | **63,667** | **(2,659,912)** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Contributions of equity, net of transaction costs | 9(a) | 4,223,046 | - | - | - | 4,223,046 |
| Employee share schemes - value of employee services | 9(b) | - | 34,628 | - | - | 34,628 |
| Employee share schemes - writeback of expenses recognised on options that failed to vest | 9(b) | - | (102,644) | - | - | (102,644) |
| | | 4,223,046 | (68,016) | - | - | 4,155,030 |
| **Balance at 30 June 2018** | | **17,901,068** | **815,982** | **(15,189,543)** | **(125,939)** | **3,401,568** |
| **Balance at 1 July 2018** | | 17,901,068 | 815,982 | (15,189,543) | (125,939) | 3,401,568 |
| Loss for the year | | - | - | (4,635,078) | - | (4,635,078) |
| Other comprehensive loss | | - | - | - | (125,247) | (125,247) |
| **Total comprehensive loss for the year** | | **-** | **-** | **(4,635,078)** | **(125,247)** | **(4,760,325)** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Contributions of equity, net of transaction costs and tax | 9(a) | 4,785,064 | - | - | - | 4,785,064 |
| Employee share schemes - value of employee services | 9(b) | - | 95,162 | - | - | 95,162 |
| | | 4,785,064 | 95,162 | - | - | 4,880,226 |
| **Balance at 30 June 2019** | | **22,686,132** | **911,144** | **(19,824,621)** | **(251,186)** | **3,521,469** |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## Consolidated statement of cash flows
for the year ended 30 June 2019

| | Notes | Consolidated entity<br>**30 June 2019**<br>**$** | <br>30 June 2018<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **4,576,987** | 3,748,205 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(8,298,076)** | (6,771,605) |
| Other income – Government grants (including R&D Tax Offset) | | **765,951** | 271,657 |
| Interest received | | **31,768** | 30,001 |
| Interest paid | | **(29,223)** | (25,748) |
| **Net cash outflow from operating activities** | 15 | **(2,952,593)** | (2,747,490) |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(85,798)** | (33,546) |
| Payments for term and security deposits | | **-** | - |
| Payments for leasehold improvements | | **-** | (14,820) |
| Payments of intangible assets | | **(1,455,167)** | (488,996) |
| Receipts/ (Payments) for other assets | | **105,502** | (10,671) |
| **Net cash outflow from investing activities** | | **(1,435,463)** | (548,033) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares and other equity securities | 9(a) | **5,008,750** | 4,499,982 |
| Proceeds from borrowings | | **51,119** | - |
| Repayment of borrowings | | **(25,311)** | - |
| Capital raising costs | 9(a) | **(223,686)** | (292,686) |
| **Net cash inflow from financing activities** | | **4,810,872** | 4,207,296 |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | **422,816** | 911,773 |
| Cash and cash equivalents at the beginning of the financial year | | **2,133,121** | 1,270,293 |
| Effects of exchange rate changes on cash and cash equivalents | | **(195,222)** | (48,945) |
| **Cash and cash equivalents at the end of the financial year** | 7(a)(i) | **2,360,715** | 2,133,121 |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Contents of the notes to the consolidated Appendix 4E

## 1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of this Appendix 4E to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. This Appendix 4E is for the Group consisting of Vault Intelligence Limited and its subsidiaries.

### (a) Basis of preparation

*(i) Going Concern*

During the financial year, the Group has experienced significant operating losses and negative cash flows as it has invested in growing the sales and marketing capabilities of the business. This Appendix 4E has been prepared on a going concern basis as the Directors are satisfied that the Group's cash balance (net of overdrafts) of $2,360,715 is adequate to enable the Group to meet its committed operational expenditure for at least twelve months from the date of this Appendix 4E.

The Directors have based this on the following pertinent matters:

- The Group's sales pipeline forecasts strong growth in cash inflows;
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Group raised new equity in the year ended 30 June 2018 through a Placement and Share Purchase Plan, and retain the ability to acquire further capital if required.

This determination is dependent, in particular, on the Group achieving its forecast growth in sales. In addition, the Group's operational expenditure forecasts do not include any significant committed capital expenditure over this period. Should the Group commit to any significant expenditure on software or business development in excess of that budgeted, they may need to raise additional working capital prior to doing so.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared this Appendix 4E on a going concern basis.

Accordingly, this Appendix 4E does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

*(ii) Historical cost convention*

This Appendix 4E has been prepared under the historical cost basis.

*(iii) New and amended standards adopted by the group*

The accounting policies and methods of computation adopted in the preparation of this Appendix 4E are consistent with those adopted and disclosed in the company's Appendix 4E for the year ended 30 June 2018, except for the adoption of AASB 9 Financial Instruments on 1 July 2018.

The impact of the adoption of AASB 9 and the new accounting policies are disclosed in Note 2 below.

## 2 Critical estimates and judgements

The preparation of this Appendix 4E requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

### (a) Revenue Recognition

In identifying performance obligations created under sale of subscription contracts, a judgement has been made that the software licence cannot be separated from the cloud based delivery mechanism and therefore the combined service is accounted for as a single performance obligation, recognised over the relevant subscription period on a straight line basis..

**(b) Useful life of intangible assets**

The Group recognises intangible assets related to its internally developed EHS software products. As at 30 June 2019, the carrying amount of this software was $2,901,264 (2018: $1,894,183). The Group estimates the useful life of the software to be at least 3 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 3 years, depending on technical innovations and competitor actions.

**(c) Impairment**

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Judgement was applied in determining that no impairment triggers were identified during the current financial year.

## 3 Changes in accounting policies

*(i) Impact on this Appendix 4E*

The Group has assessed the financial impact caused by adoption of the new accounting standard and concluded that restatement of prior comparatives was not necessary.

*(ii) AASB 9 Financial Instruments – Changes to Accounting Policies*

AASB 9 Financial Instruments replaces the prior standard AASB139 and combines 3 aspects of reporting as it addresses recognition and measurement, impairment, and hedge accounting for financial assets and financial liabilities. The Group has performed a detailed assessment of all three aspects of the new standard based on information currently available.

All financial assets that are within the scope of AASB 9 are required to be measured at either amortised cost or fair value, while financial liabilities measured at fair value through profit and loss will require consideration as to the portion of change in fair value that is attributable to changes in the credit risk of that liability. The Group currently measures financial assets and financial liabilities at fair value through profit and loss, or at amortised cost. There is no change in measurement from prior period.

AASB 9 introduces a requirement to consider expected credit losses and recognise potential losses through a provision for impairment, rather than the current practice of recognition only upon a loss occurring. The Group has considered this obligation, assessed prior period credit losses and determined that the group does not consider a provision for impairment necessary at present. This is on the basis that the Group invoices subscribers to its service prior to commencement of the service.

The potential for loss will require consideration on an ongoing basis, particularly if the Group's subscriber invoicing arrangements change in future.

The requirements for hedge accounting under AASB 9 retain similar accounting treatments to those currently available under AASB 139. The new standard introduces greater flexibility to the types of transactions eligible for hedge accounting while the previous requirement for hedge effectiveness testing has been replaced with the principle of an 'economic relationship' and the requirement for retrospective assessment of hedge effectiveness has been removed.

The Group does not currently have any hedging arrangements and therefore the introduction of AASB 9 does not have any impact on this Appendix 4E in this regard.

## 4 Revenue and income

| **Disaggregation of revenue from contracts with customers** | **Consolidated entity** | |
|---|---|---|
| | **2019<br>$** | **2018<br>$** |
| *Timing of revenue recognition* | | |
| At a point in time | 3,116,631 | 2,524,699 |
| Over time | 450,528 | 502,556 |
| **Total** | 3,567,159 | 3,027,255 |

| | | |
|---|---|---|
| *Type of revenue* | | |
| Provision of services | 3,567,159 | 3,027,255 |
| **Total** | 3,567,159 | 3,027,255 |

The Group's policy for revenue recognition is as follows:

*(i) Sale of software subscription contracts*

The Group sells subscriptions to its cloud based and mobile EHS and lone worker software solutions. Customers make monthly, quarterly, half-annually or annual up-front subscription payments to access the software services, cloud based storage for databases and access to an online helpdesk. The software licence cannot be separated from the cloud based delivery mechanism and therefore the combined service is accounted for as a single performance obligation and is recognised over the relevant subscription period on a straight-line basis.

*(ii) Consulting, training and data migration services*

The Group provides consulting services on using the Vault software and implementation assistance to transfer existing data onto the Vault system as separate services, typically at the inception of a contract with a customer. These services have distinct deliverables and revenue is recognised when the services are delivered, based on their relative stand-alone selling price.

*(iii) Interest income*

Interest income represents revenue received or receivable on at-call and short-term deposits invested by Vault Intelligence Limited. It is recognised as the interest accrues to the net carrying amount of the financial assets using the effective interest rate method. At-call and short-term deposits are brought to account at fair value.

## 5 Other income and expense items

**(a) Other income**

| | Notes | **Consolidated entity** | |
|---|---|---|---|
| | | **2019 $** | 2018 $ |
| Net gain on disposal of property, plant and equipment | | **-** | 9,144 |
| New Zealand trade and enterprise grant | | **288,896** | - |
| Austrade grant | | **56,757** | - |
| Australian R&D tax incentive | | **420,298** | 271,657 |
| | | **765,951** | 280,801 |

*Presentation of government grants*

The Group received grants in the 2019 financial year for its software development activities from the Australian R&D Tax Incentive scheme and the NZ R&D loss tax credit scheme. The Group also received a Grant under the Export Market Development Grant program. The Group received the benefits shown above as a result of the applications.

Government grants received for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity in which there are no future related costs are recognised in the consolidated statement of comprehensive income of the period in which it becomes receivable.

# 6 Income tax expense

## (a) Income tax expense

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| *Current tax* | | |
| Current tax on profits for the year | **-** | - |
| **Total current tax expense** | **-** | - |
| **Income tax expense** | **-** | - |

## (b) Numerical reconciliation of income tax expense to prima facie tax payable

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Loss before income tax expense | **(4,635,078)** | (2,723,581) |
| Tax at the Australian tax rate of 27.5% (2018 – 27.5%)* | **(1,274,646)** | (748,985) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Tax effect of amounts not deductible / (assessable) in calculating taxable income | **(204,662)** | (91,625) |
| Deferred tax asset not brought to account on tax losses and temporary differences | **1,486,955** | 846,841 |
| Subtotal | **7,647** | 6,231 |
| Difference in overseas tax rates | **(7,647)** | (6,231) |
| Adjustments for current tax of prior periods | **-** | - |
| Income tax expense | **-** | - |

* From 1 July 2018, the base company tax rate for Australian companies with aggregated turnover of less than $50m (2018: $25m) was 27.5% (2018: 27.5%). Income tax attributable to the New Zealand Subsidiary has been calculated at the tax rate of 28% (2018: 28%)

*Unrecognised deferred tax assets*

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| Temporary differences (net of deferred tax liabilities) | **308,318** | 909,150 |
| Tax losses - Australian | **2,535,922** | 1,743,587 |
| Capital losses - Australian | **550** | 550 |
| Tax losses - Overseas | **928,662** | 553,037 |
| Deferred tax assets not brought to account | **3,773,452** | 3,206,324 |

From 1 July 2018, the base company tax rate for Australian companies with aggregated turnover of less than $50m (2018: $25m) was 27.5% (2018: 27.5%). As a result unrecognised deferred tax assets attributable to the Group's Australian entities have been valued at 27.5% (2018: 27.5%).

## 7 Financial assets and financial liabilities

### (a) Cash and cash equivalents

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| **Current assets** | | |
| Cash at bank and in hand | **2,432,906** | 2,168,782 |

*(i) Reconciliation to cash flow statement*

The above figures reconcile to the amount of cash and cash equivalents shown in the statement of cash flows at the end of the financial year as follows:

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Balance as above | **2,432,906** | 2,168,782 |
| Bank overdraft | **(72,191)** | (35,661) |
| Balances per consolidated statement of cash flows | **2,360,715** | 2,133,121 |

The total value of available bank overdraft facilities was $334,722 (2018: $319,904) of which $72,191 (2018: $35,661) was drawn.

### (b) Trade and other receivables

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Trade receivables | **400,912** | 456,442 |
| Other receivables | **29,909** | 25,185 |
| Prepayments | **165,297** | 122,403 |
| | **596,118** | 604,030 |

### (c) Trade and other payables

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| **Current liabilities** | | |
| Trade payables | **1,062,578** | 398,727 |
| Other payables | **20,976** | 15,467 |
| | **1,083,554** | 414,194 |

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 7 Financial assets and financial liabilities *(continued)*

### (d) Borrowings

| | | Consolidated entity | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2019 $** | | | 2018 $ | | |
| | Notes | **Current $** | **Non-current $** | **Total $** | Current $ | Non-current $ | Total $ |
| *Secured* | | | | | | | |
| Lease liabilities | | **14,935** | **83,622** | **98,557** | 24,117 | 94,194 | 118,311 |
| Total secured borrowings | | **14,935** | **83,662** | **98,557** | 24,117 | 94,194 | 118,311 |
| *Unsecured* | | | | | | | |
| Other loans | | **51,429** | **-** | **51,429** | 844 | - | 844 |
| Total unsecured borrowings | | **51,429** | **-** | **51,429** | 844 | - | 844 |
| Total borrowings | | **66,365** | **83,662** | **149,987** | 24,961 | 94,194 | 119,155 |

Other loans consist of the following:

| **Item** | **2019 $** | **2018 $** |
|---|---|---|
| Insurance funding | **51,119** | - |
| Financed asset purchase | **310** | 844 |
| **Total** | **51,429** | 844 |

### (e) Deferred Revenue

| | **2019 $** | 2018 $ |
|---|---|---|
| Carrying amount at start of year | **1,192,347** | 797,502 |
| Value of software subscriptions sold | **3,436,906** | 2,963,469 |
| Amounts credited to software revenue during year | **(3,116,631)** | (2,545,030) |
| Foreign exchange movement | **37,144** | (23,594) |
| | **1,548,765** | 1,192,347 |

Included within amounts credited to software revenue during the year is $1,192,347 (2018: $797,502) that was included in the contract liability balance at the beginning of the period. Management expects that all (2018: all) of the closing deferred revenue balances will be recognised as revenue during the next reporting period.

## 8 Non-financial assets and liabilities

### (a) Property, plant and equipment

| Consolidated entity<br>Non-current | Machinery and vehicles<br>$ | Computer equipment<br>$ | Furniture, fittings and equipment<br>$ | Leasehold improvements<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| **At 1 July 2017** | | | | | |
| Cost or fair value | 112,272 | 72,674 | 70,497 | 3,995 | 259,438 |
| Accumulated depreciation | (70,141) | (32,572) | (26,340) | (459) | (129,512) |
| Net book amount | 42,131 | 40,102 | 44,157 | 3,536 | 129,926 |
| **Year ended 30 June 2018** | | | | | |
| Opening net book amount | 42,131 | 40,102 | 44,157 | 3,536 | 129,926 |
| Additions | 102,785 | 25,866 | 8,802 | 14,820 | 152,273 |
| Disposals | (40,781) | (1,064) | (271) | - | (42,116) |
| Depreciation charge | (2,570) | (22,255) | (4,878) | (637) | (30,340) |
| Exchange differences | (2,220) | (927) | (277) | (142) | (3,566) |
| Closing net book amount | 99,345 | 41,722 | 47,533 | 17,577 | 206,177 |
| **At 30 June 2018** | | | | | |
| Cost or fair value | 101,892 | 89,951 | 65,750 | 18,653 | 276,246 |
| Accumulated depreciation and impairment | (2,547) | (48,229) | (18,217) | (1,076) | (70,069) |
| Net book amount | 99,345 | 41,722 | 47,533 | 17,577 | 206,177 |
| **Consolidated entity** | | | | | |
| **Year ended 30 June 2019** | | | | | |
| Opening net book amount | 99,345 | 41,722 | 47,533 | 17,577 | 206,177 |
| Additions | - | 85,349 | 431 | - | 85,780 |
| Disposals | - | - | - | - | - |
| Depreciation charge | (30,585) | (36,542) | (5,785) | (1,726) | (74,638) |
| Exchange differences | 4,003 | 1,404 | 246 | 140 | 5,793 |
| Closing net book amount | 72,763 | 91,933 | 42,425 | 15,991 | 223,112 |
| **At 30 June 2019** | | | | | |
| Cost or fair value | 106,612 | 178,771 | 67,001 | 18,831 | 371,215 |
| Accumulated depreciation and impairment | (33,849) | (86,838) | (24,576) | (2,840) | (148,103) |
| Net book amount | 72,763 | 91,933 | 42,425 | 15,991 | 223,112 |

*(i) Depreciation methods and useful lives*

Depreciation is calculated by the Group using either the straight-line or diminishing value method to allocate an asset's cost, net of its residual value, over its estimated useful life or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Computer equipment 2 - 4 years
- Motor vehicles 3 - 5 years
- Furniture, fittings and equipment 10 years
- Leasehold improvements 10 years

## 8 Non-financial assets and liabilities *(continued)*

### (b) Intangible assets

| Consolidated entity Non-Current assets | Vault Enterprise Platform $ | Vault Enterprise Upgrades $ | Vault Apps $ | Vault Solo $ | Other $ | Total $ |
|---|---|---|---|---|---|---|
| **At 1 July 2017** | | | | | | |
| Cost | 2,120,912 | 83,300 | - | - | 41,760 | 2,245,972 |
| Accumulated amortisation and impairment | (1,036,996) | - | - | - | (10,660) | (1,047,656) |
| Net book amount | 1,083,916 | 83,300 | - | - | 31,100 | 1,198,316 |
| **Year ended 30 June 2018** | | | | | | |
| Opening net book amount | 1,083,916 | 83,300 | - | - | 31,100 | 1,198,316 |
| Additions - purchases | - | 406,051 | - | 36,797 | 9,628 | 452,476 |
| Additions - internal development | - | 255,574 | 164,200 | 195,000 | - | 614,774 |
| Exchange differences | - | - | - | - | (69) | (69) |
| Amortisation charge | (306,213) | (57,100) | - | - | - | (363,313) |
| Depreciation charge | - | - | - | - | (8,001) | (8,001) |
| Closing net book amount | 777,703 | 687,825 | 164,200 | 231,797 | 32,658 | 1,894,183 |
| **At 30 June 2018** | | | | | | |
| Cost | 2,120,912 | 744,925 | 164,200 | 231,797 | 51,319 | 3,313,153 |
| Accumulated amortisation and impairment | (1,343,209) | (57,100) | - | - | (18,661) | (1,418,970) |
| Net book amount | 777,703 | 687,825 | 164,200 | 231,797 | 32,658 | 1,894,183 |
| **Year ended 30 June 2019** | | | | | | |
| Opening net book amount | 777,703 | 687,825 | 164,200 | 231,797 | 32,658 | 1,894,183 |
| Additions - purchases | - | 539,949 | - | 39,609 | 2,153 | 581,711 |
| Additions - internal development | - | 94,637 | 149,386 | 921,625 | - | 1,165,648 |
| Exchange differences | - | 11,107 | 375 | 7,102 | 90 | 18,674 |
| Amortisation charge | (305,780) | (199,980) | (82,113) | (161,713) | - | (749,586) |
| Depreciation charge | - | - | - | - | (9,367) | (9,367) |
| Closing net book amount | 471,923 | 1,133,538 | 231,848 | 1,038,420 | 25,534 | 2,901,263 |
| **At 30 June 2019** | | | | | | |
| Cost | 2,120,912 | 1,390,618 | 313,961 | 1,200,133 | 53,562 | 5,079,186 |
| Accumulated Amortisation and impairment | (1,648,989) | (257,080) | (82,113) | (161,713) | (28,028) | (2,177,923) |
| Net book amount | 471,923 | 1,133,538 | 231,848 | 1,038,420 | 25,534 | 2,901,263 |

## 8 Non-financial assets and liabilities *(continued)*

### (b) Intangible assets (continued)

The Group amortises intangible assets with a limited useful life using the straight-line method over the following years:

- IT Development and Software 3 - 7 years

### (c) Employee benefit obligations

| | | Consolidated entity | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2019 $** | | | 2018 $ | | |
| | Notes | **Current $** | **Non-current $** | **Total $** | Current $ | Non-current $ | Total $ |
| Leave obligations (i) | | **231,252** | **-** | **231,252** | 189,311 | - | 189,311 |
| Provision for long service leave (ii) | | **34,446** | **18,861** | **53,307** | - | - | - |

*(i) Leave obligations*

The leave obligations cover the Group's liability for annual leave.

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of $231,252 (2018 - $189,311) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

*(ii) Provision for long service leave*

The provision covers the Group's liability for long service leave.

The liabilities that are currently entitled to be paid to employees are required to be shown as current as the entity does not have a legal right to defer settlement beyond twelve months.

## 9 Equity

### (a) Share capital

| | Notes | **2019 $** | **2019 Shares** | 2018 $ | 2018 Shares |
|---|---|---|---|---|---|
| Ordinary shares | | | | | |
| Opening balance | | **17,901,068** | **862,152,727** | 13,678,022 | 695,486,060 |
| Public offer share issue | | **-** | **-** | 4,499,982 | 166,666,667 |
| Share issue | | **5,000,000** | **166,666,667** | - | - |
| Costs of issue | | **(223,686)** | **-** | (276,936) | - |
| Exercise of options | | **8,750** | **350,000** | - | - |
| 1:10 share consolidation | | **-** | **(926,252,370)** | - | - |
| Closing balance | | **22,686,132** | **102,917,024** | 17,901,068 | 862,152,727 |

## 9 Equity *(continued)*

**(a) Share capital (continued)**

The Group announced in September 2018 that it had received firm commitments to raise additional capital from institutional and sophisticated investors to subscribe for 166,666,667 shares at $0.03 per share. This placement was undertaken over two tranches to comply with ASX listing rules and was completed in October 2018.

The Group received shareholder approval at its November 2018 Annual General Meeting to consolidate the share capital of the company on a 1:10 basis. The consolidation was completed in late November 2018.

**(b) Other reserves**

*(i) Nature and purpose of other reserves*

*Options reserve*

The options reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested

*Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entity's functional currency into the Group's presentation currency are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

| | **Consolidated entity** | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Foreign currency translation reserve | **(251,186)** | (125,939) |
| Option reserve | **911,144** | 815,982 |
| | **659,958** | 690,043 |

*(ii) Option Reserve*

The option reserve records items recognised as expenses over the vesting period on valuation of employee share options. Officer options vested on grant and have been expensed. The expense will recorded over the time/period the options take to vest.

| | **2019** | 2018 |
|---|---|---|
| | **$** | $ |
| Opening balance | **815,982** | 883,998 |
| Officers Issue (i) | **-** | - |
| KPI Options (ii) | **-** | (9,701) |
| Broker Options (iii) | **-** | - |
| Management Options | **-** | (32,339) |
| Director Options (iv) | **66,220** | (7,818) |
| Director Options (iv) | **10,575** | 5,563 |
| Director Options (iv) | **9,154** | 4,816 |
| Employee Options (vi) | **9,213** | (28,537) |
| **Closing balance** | **911,144** | 815,982 |

## 9 Equity *(continued)*

### (b) Other reserves (continued)

*(ii) Option Reserve (continued)*

**2019**

| | Balance at beginning of period | Options granted | Options converted | Options lapsed | Other Changes (1) | Balance at end of the period |
|---|---|---|---|---|---|---|
| **Officers Issue (i)** | 2,300,000 | - | - | (230,000) | (2,070,000) | - |
| **KPI Options (ii)** | 16,500,000 | - | - | (1,650,000) | (14,850,000) | - |
| **Broker Options (iii)** | 25,000,000 | - | (350,000) | (2,465,000) | (22,185,000) | - |
| **Management Options** | 11,000,000 | - | - | - | (9,900,000) | 1,100,000 |
| **Director Options** | 3,500,000 | - | - | - | (3,150,000) | 350,000 |
| **Director Options** | 3,500,000 | - | - | - | (3,150,000) | 350,000 |
| **Director Options (iv)** | - | 11,000,000 | - | - | (9,900,000) | 1,100,000 |
| **Director Options (iv) (v)** | - | 7,000,000 | - | (200,000) | (6,300,000) | 500,000 |
| **Director Options (iv) (v)** | - | 7,000,000 | - | (200,000) | (6,300,000) | 500,000 |
| **Employee Options (vi)** | - | 500,000 | - | - | - | 500,000 |
| **Employee Options (vi)** | - | 500,000 | - | - | - | 500,000 |
| | **61,800,000** | **26,000,000** | **(350,000)** | **(4,745,000)** | **(77,805,000)** | **4,900,000** |

*(1) Vault conducted a 1:10 share consolidation in November 2018. The reduction of options in 2019 options number are as a result of the consolidation.*

*(i)* The Officer's Issue expired unexercised on 21 June 2019.

*(ii)* The KPI Options expired unexercised on 21 June 2019.

*(iii)* The Broker Options had a pre-consolidation exercise price of $0.025 (Exercise Price) and an expiry date of three years from the date on which the Broker Options were issued (Expiry Date). They were issued at a pre-consolidation issue price of $0.0001 each on 22 June 2016. 350,000 options were exercised on 12 October 2018, prior to the share consolidation. All remaining Broker Options expired unexercised.

*(iv)* 2,500,000 Director options were issued on 23 November 2018 pursuant to shareholder approval received at the Group's 2018 AGM in November 2018. The terms of the options issues are shown below:

| Recipient | Quantity | Exercise Price | Expiry | Vesting Conditions |
|---|---|---|---|---|
| Evonne Collier | 200,000 | $0.50 | 23 Nov 2021 | $4m annual recurring revenue |
| Evonne Collier | 200,000 | $0.60 | 23 Nov 2021 | $5m annual recurring revenue |
| David Moylan | 500,000 | $0.50 | 23 Nov 2021 | $8m annual recurring revenue |
| David Moylan | 500,000 | $0.60 | 23 Nov 2021 | $12m annual recurring revenue |
| Ross Jenkins | 200,000 | $0.30 | 23 Nov 2021 | $4m annual recurring revenue |
| Ross Jenkins | 400,000 | $0.30 | 23 Nov 2021 | $5m annual recurring revenue |
| Ross Jenkins | 500,000 | $0.30 | 23 Nov 2021 | Vested immediately |

*(v)* Options granted to Evonne Collier lapsed as a result of resignation.

## 9 Equity (continued)

### (b) Other reserves (continued)

*(ii) Option Reserve (continued)*

(vi) Employee options issued on 31 December 2018 pursuant to the Employee Incentive Scheme were issued in 2 tranches, both with a 31 August 2020 expiry as follows:

- 500,000 options with a $0.40 exercise price, subject to the Group achieving $4m in annual recurring revenue
- 500,000 options with a $0.60 exercise price, subject to the Group achieving $6m in annual recurring revenue

**2018**

| | Balance at beginning of period | Options granted | Options converted | Options lapsed | Other Changes | Balance at end of the period |
|---|---|---|---|---|---|---|
| **Officers Issue** | 2,300,000 | - | - | - | - | 2,300,000 |
| **KPI Options (i)** | 20,000,000 | - | - | (3,500,000) | - | 16,500,000 |
| **Broker Options** | 25,000,000 | - | - | - | - | 25,000,000 |
| **Management Options (ii)** | 12,000,000 | - | - | (1,000,000) | - | 11,000,000 |
| **Management Options (iii)** | 2,000,000 | - | - | (2,000,000) | - | - |
| **Management Options (iv)** | 1,000,000 | - | - | (1,000,000) | - | - |
| **Director Options (v)** | - | 3,500,000 | - | - | - | 3,500,000 |
| **Director Options (vi)** | - | 3,500,000 | - | - | - | 3,500,000 |
| | **62,300,000** | **7,000,000** | **-** | **(7,500,000)** | **-** | **61,800,000** |

(i) In 2016, Trent Innes was awarded 5,000,000 KPI options under the Group's Employee Share Option Plan (ESOP). Under the terms of the ESOP, vesting of the options is conditional on the Employee or Director remaining in the Group's employment, however the Board retains discretion over any modifications to the conditions of any awards issued. During the period ended 30 June 2018, Mr. Trent Innes resigned as a Director. In recognition of his service to the Group, the Board resolved to allow Mr. Innes to retain 1,500,000 of his options removing the service vesting condition. The remaining 3,500,000 options were cancelled by forfeiture due to the failure to meet existing service conditions.

(ii) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of $4 million in a financial year. These options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(iii) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of $6 million in a financial year. These options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(iv) Options issued pursuant to the Employee Incentive Scheme subject to the Group achieving audited revenue of $10 million in a financial year. These options were cancelled by forfeiture during the period due to the holder leaving the employment of the Group.

(v) Director options issued pursuant to shareholder approval on 20 December 2018. The options were issued pursuant to the ESOP with an $0.05 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving $4 million in Annual Recurring Revenue (ARR).

(vi) Director options issued pursuant to shareholder approval on 20 December 2018. The options were issued pursuant to the ESOP with an $0.06 exercise price and expiry of 3 years from the date of issue, subject to the Group achieving $6 million in ARR.

## 9 Equity *(continued)*

### (b) Other reserves (continued)

*(iii) Foreign Currency Translation Reserve*

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Opening balance | **(125,939)** | (189,605) |
| Movements on translation of foreign subsidiary operations during and at period end | **(125,247)** | 63,666 |
| **Closing balance** | **(251,186)** | (125,939) |

## 10 Capital management

### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for Shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Given the nature of the Group's operations, capital is normally raised through the issue of new shares to provide for research and development and business opportunities.

## 11 Loss per share

### (a) Basic loss per share

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Loss used to calculate basic EPS | **(4,635,078)** | (2,723,581) |

### (b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as there is no dilutive impact.

There are 4,900,000 (2018: 61,800,000) options on issue that may result in a dilutive effect in future periods.

### (c) Weighted average number of shares used as the denominator

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **Number** | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **99,285,624*** | 800,832,323 |

* *The reduction of the 2019 figure is as a result of the 1:10 share consolidation completed in November 2018. If the 1:10 share consolidation had occurred in the 2018 year, the corresponding weighted average number of ordinary shares in 2018 would have been 80,083,232.*

## 12 Commitments

### (a) Operating lease commitments

The Group's operating lease commitments relate to rent obligations for the Group's premises.

| | Consolidated entity | |
|---|---|---|
| | **2019** | 2018 |
| | **$** | $ |
| Commitments for minimum lease payments in relation to operating leases are payable as follows: | | |
| Within one year | **250,590** | 260,396 |
| Later than one year but not later than five years | **138,535** | 277,469 |
| | **389,125** | 537,865 |

## 13 Segment information

### (a) Identification of reportable segments

The Group operates in one operating segment being the provision of cloud-based and mobile EHS software within 3 jurisdictions, being Australia, New Zealand and China. During 2018 a new wholly owned subsidiary entity Vault Software Technology (Shanghai) Limited was established to provide services and software into the Chinese market. Software revenue and other operating income for the Group in each jurisdiction was as follows:

| | Australia | China | New Zealand | **Total** |
|---|---|---|---|---|
| | $ | $ | $ | **$** |
| **2019 operating segments** | | | | |
| Software revenue (i) | 925,678 | 1,723 | 2,189,230 | **3,116,631** |
| Other revenue (ii) | 146,588 | - | 303,940 | **450,528** |
| Total | 1,072,267 | 1,723 | 2,493,170 | **3,567,159** |

| | Australia | China | New Zealand | **Total** |
|---|---|---|---|---|
| | $ | $ | $ | **$** |
| **2018 operating segments** | | | | |
| Software revenue | 801,696 | - | 1,723,003 | **2,524,699** |
| Other revenue | 240,454 | - | 262,102 | **502,556** |
| Total | 1,042,150 | - | 1,985,105 | **3,027,255** |

(i) All software revenue is recognised over the life of the subscribers service period.
(ii) Other revenue is recognised at a point in time.

## 14 Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets as at 30 June 2019 (2018: Nil

## 15 Cash flow information

### (a) Reconciliation of loss after income tax to net cash outflow from operating activities

| | Notes | Consolidated entity 2019 $ | 2018 $ |
|---|---|---|---|
| Loss for the year | | **(4,635,078)** | (2,723,581) |
| Adjustment for | | | |
| Depreciation and amortisation | | **833,548** | 401,654 |
| Share-based payments | | **95,162** | (68,017) |
| Net loss on sale of non-current assets | | **-** | 1,552 |
| Net exchange differences | | **(351,212)** | 154,331 |
| Bad debts expense | | **8,555** | 2,791 |
| Capitalised software development costs | | **-** | (614,775) |
| Other non-cash items | | **(38,076)** | - |
| Change in operating assets and liabilities: | | | |
| (Increase) / decrease in trade debtors | | **7,912** | (280,757) |
| Increase / (decrease) in trade creditors | | **669,361** | (14,225) |
| Increase / (decrease) in income taxes payable | | **5,569** | (3,579) |
| Increase / (decrease) in employee provisions | | **95,248** | 2,271 |
| Increase / (decrease) in deferred income | | **356,418** | 394,845 |
| Net cash outflow from operating activities | | **(2,952,593)** | (2,747,490) |

## 16 Events occurring after the reporting period

There have been no other material items, transactions or events subsequent to 30 June 2019 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

**Dividend/distribution information**

| | |
|---|---|
| Date the dividend is payable | N/A |
| Record date to determine entitlement to the dividend | N/A |
| Amount per security | N/A |
| Total dividend | N/A |
| Amount per security of foreign sourced dividend or distribution | N/A |
| Details of any dividend reinvestment plans in operation | N/A |
| The last date for receipt of an election notice for participation in any dividend reinvestment plans | N/A |

**Dividend/distribution reinvestment plans**

The company does not operate a dividend reinvestment plan.

**NTA Backing**

| | **2019** | **2018*** |
|---|---|---|
| Net tangible asset backing per ordinary share (cents) | 0.603 | 1.748 |

* *Vault undertook a 1:10 share consolidation during the period. The 2018 NTA backing comparative has been restated to be a post consolidation equivalent number of shares. The unadjusted disclosure as at 30 June 2018 was 0.175 cents.*

**Controlled entities acquired or disposed of**

The Group established a wholly owned subsidiary in Singapore during the period. No entities were disposed of.

**Associates and Joint Venture entities**

The Group has no interests in associate or joint venture entities

**Commentary on results**

***Earnings per share***

See consolidated statement of comprehensive income and note 11.

***Returns to shareholders***

There were no returns to shareholders.

***Significant features of operating performance and trends***

Refer to following management commentary

***Results of segments***

Refer to note 14 for details of operational segments.

## Audit / Review Status

| The report is based on accounts to which once of the following applies | | | |
|---|---|---|---|
| The accounts have been audited | | The accounts have been subject to review | |
| The accounts are in the process of being audited or subject to review | ✓ | The accounts have not yet been audited or reviewed. | |

This report is based on accounts which are in the process of being audited. The 30 June 2019 financial report, when audited, may contain an independent auditor's report which includes and emphasis of matter paragraph in regard to the existence of material uncertainty that may cast doubt about the Group's ability to continue as a going concern. Additional disclosure has been included in Note 1 to the Preliminary Financial Report.

The Appendix 4E has been prepared on a going concern basis as the Directors' are satisfied the Group's cash balance at the end of the Financial Year, growing annual recurring revenue stream and current offers for additional capital, is adequate to enable the Group to meet its committed operational expenditure for at least twelve months from the date of this Appendix 4E.

The Directors' have received approaches from various parties who are interested in providing the Group with further capital to enhance and accelerate sales and product development.