

30 April 2020






Vault Intelligence Limited March 2020 Quarterly Report and Appendix 4C

Escalating Growth in Cash Receipts and Contracts with Solo


Vault Intelligence Limited (**ASX:VLT**) (**Vault** or the **Company**) is pleased to provide its quarterly report for the period to 31 March 2020.

Vault is a SaaS Software Technology business specialising in the development of workforce performance technologies to deliver significant productivity benefits to organisations, whilst managing the risk, safety, security, protection and connection of their workers.

Highlights

-  **CARR** at 31 March 2020 was **~AUD\$11.1M¹** representing **growth of 133%** from the same time last year
-  Vault is **targeting FY20 full year CARR of \$12M**, representing **100% YoY growth** given on-going and **well progressed proposals/negotiations**
-  **Total cash inflows for the quarter** was **~AUD\$1.5M** with record **customer receipts** for the quarter of **~AUD\$1.2M** following initiatives introduced to **generate greater cash flow** from new and existing contracts
-  **Cash burn significantly improved**, particularly the month of March, **down 90%** on the H1 FY20 monthly average. **FY20 Q4 projections indicate a neutral or cash positive** quarter with **April exceeding \$1M in cash inflows**, and reduced costs
-  In response to the COVID-19 Outbreak, Vault launched a new capability with **Solo Crisis Management**, delivering immediate and **sustainable results in Q3**. Post the end of Q3, **momentum has continued with additional signings in Q4**

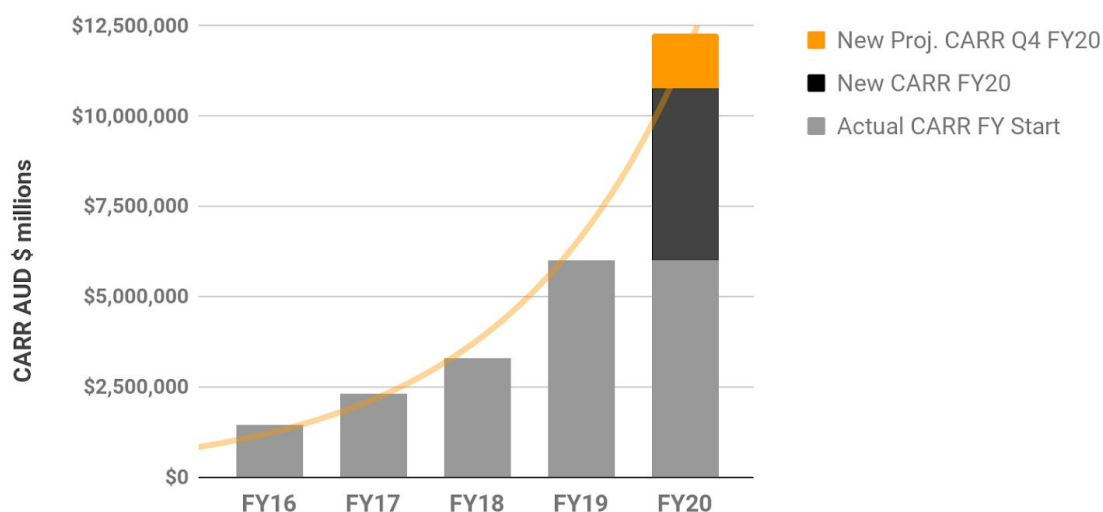
¹ CARR amount consisting of active customer subscriptions and contracts to be commenced (as per previously communicated definition of CARR) Approx \$10.7M has been subject to audit procedures by PwC as at 31 December 2019

-  All previously reported, **material contracts** have either **commenced and are delivering revenue and cash flow (increasing through Q4 FY20)**, or will commence in Q4

CARR Update

Key Points:

- Vault is targeting 100%+ YoY CARR growth as on-going new contract negotiations are well advanced with several large organisations that expect to be signed during FY20 Q4.




- Despite this quarter being **focused on implementing cash** initiatives and driving existing contracts, this quarter resulted in an **additional net \$0.4M to the Overall CARR** and is **133% higher** than the same quarter last year.

Operational Update & Guidance

The Company retains a **focus on continued strong growth** but also on **conversion of the executed contracts to revenue**. Whilst Vault is experiencing a shorter sales cycle than prior periods, larger contracts may take longer than expected to implement, mainly due to increased complexities involved with larger organisations. However, as Vault continues to roll-out solutions to larger organisations, there is a continual feed-back loop, allowing Vault to **streamline processes and reduce time, resources and expenditure**.

Key metrics the Company will continue to track and report to the market include; CARR, revenue and expenses, as noted below.

-  **CARR** at the end of Q3 was **AUD\$11.1M**. Continued strong momentum for the balance of the FY will result in **the Company exceeding 100% Year-on-Year (YoY) growth**. Growth will be generated through Vault's direct sales team, partners, channels and targeted marketing campaigns. The Company will continue to report CARR quarterly and will update the market immediately on the execution of material

contracts. Vault continues to target large scale, material opportunities to accelerate top line CARR growth.

✔ **Software Subscription Revenue growth** represents the conversion of CARR to revenue. The Company focussed its efforts through FY20 Q3 to ensure that all significant and material contracts signed through FY20 Q2, were provisioned and ready to be deployed. **The Company is confident that all material contracts will result in revenue and cash receipts through FY20 Q4.**

✔ **Expense controls** were tightened through February/March 2020, in addition to regular reviews conducted by the company. This was accelerated through the economic circumstances COVID-19 presented, included restrictions on physical meetings and associated travel costs. Expense controls have resulted in **\$1M+ annualised expenses being removed from the cost structure and management is confident that these can be maintained.**



Upfront cash & volume based incentives - 1st 12 months upfront as standard



Sales team & executive incentives heavily weighted to cash & revenue



Large CARR contracts now provisioned & will generate rev/cash FY20 Q4



Accelerated Sales Cycles due to economic environment (from 1-2 mths => 2-4 wks)

✔ **Volume Based Activity and Discounts.** Through the second-half of FY20 Q3, Vault **accelerated sales cycles** and **provisioned major contracts**, resulting in upfront payments to contribute to cash receipts in FY20 Q4. This success aligned to **upfront based volume discounts being applied** for year one of contracts and are complementary to the changes in both sales and executive **remuneration incentives**, which are now geared heavily towards **delivering cash from contracts**, particularly in the initial 12 months. The willingness for customers to execute upfront contracts demonstrates their confidence of the value of the Vault Solo product.

✔ Vault has a **compelling product offering** for **organisations returning to work as COVID-19 restrictions are scaled-back** and organisations seek to recommence operations. This is particularly the case for contact tracing and **augmentation of community tracing apps** released in market by Australian, New Zealand and Singaporean Governments.

Vault Solo Extended Capabilities

Solo provides an industry leading and out-of-the-box capability to manage within a contact tracing regime and assists businesses meeting the challenge of connecting, communicating and protecting their workers during and beyond the COVID-19 crisis. The Solo ecosystem continues to be a frontrunner in innovation and is unrivalled in its collective capability and performance. The Solo ecosystem now has been extended to include crisis management, mental health and wellbeing, as well as incorporating beacon technology for proximity and precision locating.

Corporate Financial Notes

The Company retains a solid cash position at the end of **FY20 Q3 with ~\$3.9m cash** available to execute its growth initiatives and is expected to maintain this level of cash through to the end of the FY.

The **operating cash-burn** for the quarter was **significantly improved** from previous quarters and this trend is **expected to continue with a neutral or cash positive quarter expected for Q4** FY20. Q3 saw an improved cash burn over the previous quarter by \$600k, resulting in cash burn for FY20 Q3 of ~\$1.7M. With reductions in expenditure and higher customer receipts, the significant highlight through Q3 was in respect to the **month of March, whereby the cash-burn was reduced down to ~\$60k burn in total for the month**. This was representative of strong cash receipts of ~\$550k, a **34%** improvement on the same time last year. **Debtor days are staying consistent** as with previous months of FY20, which is a pleasing result given the current economic situation and customers seeing Vault as a critical component of business continuity plans, given COVID-19.

The **strong turnaround in cash-flows** and especially within the cash-burn rate, is the **clear mandate and alignment to initiatives by management**. Management continues to drive upfront customer incentives for volume based discounts, alignment of commission based structures on cash and accelerated sales cycles given the economic environment for which the Vault solution is particularly well positioned.

The quarter represented **~\$1.2M in cash receipts**, up from the same time last year of \$939k, a **25% improvement QoQ**. During the period the Company received, as anticipated, its New Zealand R&D tax incentive of \$273k.

Projections for the month of April 2020 are to continue these trends of strong cash inflows with a significantly reduced cash burn rate. Cash receipts from the executed contracts will take **cash inflows to over \$1M+ for the month**, which will result in **positive operating cash-flows** for the month of April and subsequently into FY20 Q4.

Vault's focus for the **remainder of the financial year is to work at pace** to implement its contracted agreements with large customers and to attract many similar based organisations to leverage the enhanced capabilities of Vault Solo, as businesses begin to come out of COVID-19 isolation.

The Company Secretary role has transitioned from Graeme Smith to Todd Perkinson, the Company's CFO, effective immediately.

Vault's Appendix 4C includes amounts in item 6.1. These amounts represent payments of executive and non-executive director fees paid as salaries and wages or as consulting fees to entities nominated by relevant directors in accordance with agreed contracts.

This Announcement was authorised by the Board of Vault Intelligence Limited.

Ends.

For More Information

Investor Relations

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About Vault Intelligence Limited

Vault Intelligence Limited (ASX: VLT) is an online/SaaS business specialising in the development of workforce performance technologies to deliver significant productivity benefits to organisations, whilst managing the risk, safety, security and protection of their workers.

Vault Technology empowers modern businesses with two enterprise leading platforms (Vault Enterprise and Vault Solo), which are enhanced through mobility and IoT wearables to deliver tangible benefits in workforce performance and protection. Vault delivers its enterprise-level software, mobility and wearable solutions to 1,000,000+ people across 30 industries and various parts of the world.

Further information on how Vault technology can assist in managing, protecting and improving the efficiency of your workforce can be found at 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.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Vault Intelligence Ltd

ABN

15 145 040 857

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,172	3,357
1.2 Payments for		
(a) research and development	(53)	(135)
(b) product manufacturing and operating costs	(142)	(582)
(c) advertising and marketing	(126)	(572)
(d) leased assets	(4)	(11)
(e) staff costs	(1,409)	(4,462)
(f) administration and corporate costs	(678)	(2,310)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	(3)	(12)
1.6 Income taxes paid	-	(2)
1.7 Government grants and tax incentives	273	809
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(969)	(3,910)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(32)	(98)
(d) investments		
(e) intellectual property	(739)	(2,019)
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	(771)	(2,117)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		7,524
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(378)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(3)	(9)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(3)	7,137

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,575	2,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(969)	(3,910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(771)	(2,117)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	7,137
4.5	Effect of movement in exchange rates on cash held	32	(27)
4.6	Cash and cash equivalents at end of period	3,864	3,864

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000

Quarterly cash flow report for entities subject to Listing Rule 4.7B

5.1	Bank balances	3,772	5,483
5.2	Call deposits	92	91
5.3	Bank overdrafts	-	
5.4	Other (provide details)	-	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,864	5,575

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
282
Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(969)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,864
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,864
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

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2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date: 30th April 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.