






30<sup>th</sup> October 2017

## Vault Intelligence (VLT) September Quarterly Report and Appendix 4C

### Vault Strategy Delivers Strong Sales Result

Vault Intelligence Limited (ASX: VLT) (Vault, 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 first quarter of the 2017-18 financial year.

#### September Quarter 2017 Highlights

-  **Vault has continued its significant sales momentum and achieved new contracted Annualised Recurring Revenue (ARR) of \$462,000 for the quarter.** This is the second successive record breaking quarter of strong new ARR having been secured by Vault, breaking the previous quarter high of \$430,000. This building of sales momentum reflects the success of the sophisticated sales targeting and win strategy now in place and delivering results.
-  **Receipts for the quarter hit a new high of \$989,000.** This is an excellent result and a uplift from previous quarters cash receipts; a comparable increase of approximately 9.2% quarter on quarter.
-  **China Proof of concept completed and first major signing announced.** Vault announced the successful completion of a four-month software pilot program with the highly respected Shanghai Council. Shanghai Council in itself is a key signing however, the business and opportunities that such a sale generates is significant to the foothold that Vault is gaining in the lucrative China market.
-  **The Company secured several major key customer signings during the quarter and in particular StateCover Mutual (121 Local Government Councils).** StateCover Mutual is a milestone signing for Vault in the insurance sector and will see the complete Vault suite and apps made available to 121 Local Government Councils across New South Wales. The first block of 25 councils have a “go live” date scheduled for late November 2017.
-  **IT professional, David Rose, has joined the Company as a Non-Executive director on the Vault Board.** David’s appointment bolsters the Company’s expertise in technical development, product delivery and customer success programs. David brings decades of experience in the Technology and software sectors and this experience will be pivotal in ensuring Vaults products remain class leading while embracing the latest in technology and innovation.





**Vault Sales and Business Strategy “Blueprint” has now been implemented and is delivering significant results.** Since implementation the Blueprint has resulted in measurable benefits in sales numbers and in driving efficiencies in the allocation and use of resources, as well as instilling calculated and structured processes within the business. Vault completed the final elements of the implementation of the Blueprint during the quarter.



**New Vault Enterprise interface releasing November 2017.** The new interface developed provides end users with a greater experience and is class leading in appearance. The Company believes the new interface will create greater sales penetration and reduce the time of the sales cycle. This interface will also create opportunities to upsell to existing clients further enhancing ARR.



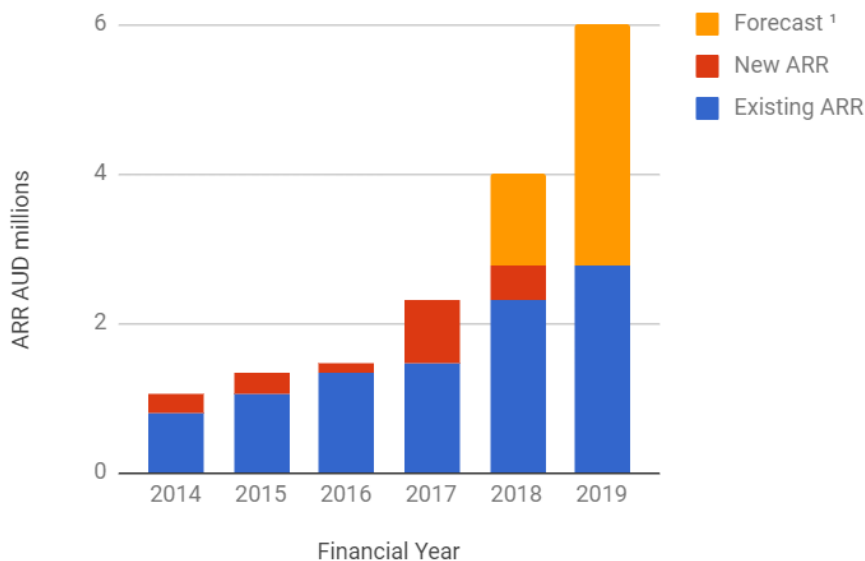
## Sales Strategy Delivering Results

The Company continues to maintain sales momentum which commenced in Q3/Q4 FY17. Growth in sales is being maintained at the rate forecast by Vault in July 2017 and the Company’s pipeline continues to swell with new opportunities.

Vault CEO David Moylan is buoyed by the continuing excellent sales results commenting, *“We have been saying the strategy adopted in Q4 FY17 is getting results and it is. We have been through a restructure of our sales and servicing work force to ensure we have the best opportunity to get our product to market on time and in good shape”*.

Implementation of the Company’s new sales strategy continued in Q1 FY18 with a repositioning of the sales workforce in New Zealand and the direction sales energy was being channelled. The changes, which commenced in Q3 FY17 have resulted in new annualised recurring revenue (ARR) contracts approaching \$1m being written in Q4 FY17 and Q1 FY18. Our target for FY18 is \$1.6-2m of new ARR and Q1 has delivered. We continue to be intently focused on converting our advanced opportunities in the sales pipeline to ensure this level of momentum is achieved or exceeded in the coming quarters.

## Annualised Recurring Revenue (ARR)



<sup>1</sup> Projections for ARR are based upon current ARR and the ARR attained FY17/18 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 progressing in terms of sales progress and this together with sales team experience is utilised in assessing the likelihood of future contracts closing.

Our rapid growth in sales is being matched by changes to our roll out and implementation processes. We have been streamlining this process over the last twelve months and have recently added two professionals to our developing Customer Success team. Vault COO Peter Mannix commented “*We are firmly focused on improving our customer relationship and support programs to achieve the high standard our customers are demanding and rightly deserve.*”

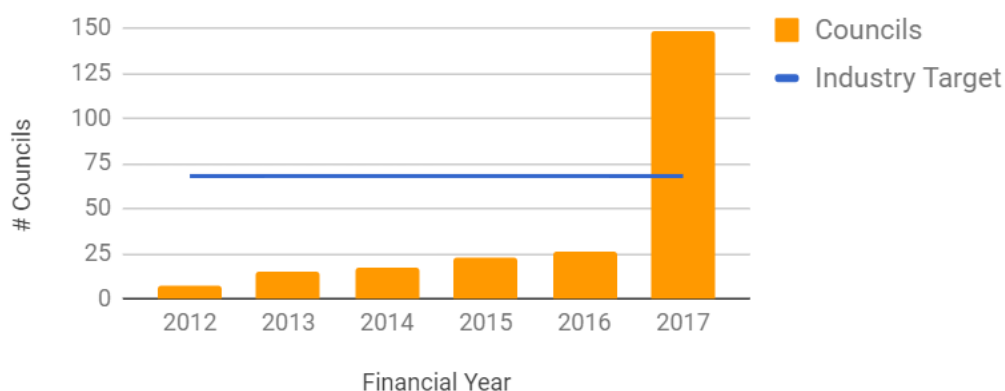
## Action and Wins

The Q1 FY18 results continue to endorse the strategy Vault adopted in Q3 of FY17. In the first six months following listing, the Company identified issues with its sales process and immediately instituted actions to correct deficiencies as well as adopting winning strategies to attract and secure larger sales. This culminated in a complete restructuring of the NZ sales force bringing changes to implementation and integration processes, customer training and account management processes.

New training regimes, sales support systems and robust support for change from within the Company has seen the under-performing sales performance from the first six months of FY17 reversed and now well behind the Company. The Company pipeline is presenting numerous opportunities in both the long and the short term and has grown fivefold since listing.

The recent signing of StateCover Mutual is a significant win as it will be Company’s first collaboration with an insurance group. Vault has had a number of approaches from within this sector and is pleased to have executed on this project with StateCover Mutual. The initial rollout of the Vault system is to 25 local government councils commencing in late November 2017.

### Local Government Vertical



### China – First Customer Signing

Vault reported its first Chinese customer signing in September 2017 with Shanghai Council (Riverside Project) which has adopted the Vault Check system for use in improving its governance, safety and risk regimes.

Vault has adopted a conservative strategy for its Chinese sales process. It has introduced the VCheck App as its first product as it is easy to use and understand. The VCheck, or CheckPal as it is called in China, has its own back end reporting platform and has been modified for use in China. The next product for roll out in China is the Vault Audit App. VAudit is a more sophisticated tool designed to evaluate and audit processes and provides a high-level compliance regime around safety and risk. Timing for the soft launch of Vault Audit is November 2017.

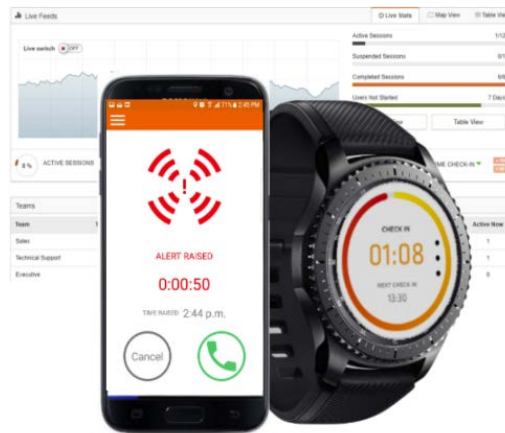
The Company has created significant interest since the signing of Shanghai Council and been fielding requests for the availability of the full Vault Enterprise Platform. The Company recently committed to converting the Vault Enterprise Platform to Chinese language and this project is now underway. It is anticipated the Vault Enterprise Platform will be available for delivery into China in Q3 FY2018.

The Company is also actively engaged in adding new partners for sales, integration, learning and customer support services.

### Product Development

Vault continues its aggressive development schedule with the completion of the Vault Enterprise platform user interface/user experience (UI/UX) project. The new platform's modern new responsive interface allows phones and tablets full access to all of features, reconfigured workflows enhance accountability, and in general create a better user experience. Quality assurance and beta testing has been overwhelmingly positive to the new system design and functional changes. Launch of the V3 Vault Enterprise is scheduled for November 2017.

Vault’s development of new Apps has culminated in the upcoming launch of Vault Solo, a lone worker application which allows supervisors and managers to monitor the safety of workers on-site and out in the field.



## Corporate Financial Notes

The Company ended the quarter with \$1,179,000 in cash and receivables (receivables of \$257,000).

The Company conducted a successful capital raise on 27 October 2017 which was heavily oversubscribed. The Capital raised was \$4.5 million dollars. The Company has positioned several institutional investors on the register and is now well-funded and positioned to scale.

The Company is debt free and following the closing of the capital raise will have approximately \$5m in cash before costs of the issue.

Higher than budgeted expenses were incurred for this quarter as a result of the restructuring and redundancy payments resulting from the implementation of the Strategy Blueprint as well as associated consultancy fees. In addition, significant expenses resulted from offshore product development contractors utilised in the development of the new user interface for the Vault Platform, which has now been completed.

Cash receipts reported now include the GST element as per ASX guidelines and where stated as “comparable” to prior quarter results, the GST effect is accounted for.

Management will continue to carefully manage costs in-line with the approved FY18 Strategy and budget.

Ends.

### For more information:

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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](http://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. The 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")**

30 September 2017

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.3..months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		989	989
1.2 Payments for			
(a) research and development		(179)	(179)
(b) product manufacturing and operating costs		(72)	(72)
(c) advertising and marketing		(157)	(157)
(d) leased assets		(5)	(5)
(e) staff costs		(709)	(709)
(f) administration and corporate costs		(534)	(534)
1.3 Dividends received (see note 3)			
1.4 Interest received		4	4
1.5 Interest and other costs of finance paid		(8)	(8)
1.6 Income taxes paid		(2)	(2)
1.7 Government grants and tax incentives			
1.8 Other (provide details if material)			
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(673)</b>	<b>(673)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(2)	(2)
(b) businesses (see item 10)			
(c) investments			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.3..months) \$A'000
	(d) intellectual property	(52)	(52)
	(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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(54)</b>	<b>(54)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
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	(19)	(19)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(20)</b>	<b>(20)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,687	1,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(673)	(673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(20)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(18)	(18)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>922</b>	<b>922</b>

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	751	1,383
5.2	Call deposits	394	409
5.3	Bank overdrafts	(223)	(105)
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>922</b>	<b>1,687</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

119

Includes directors fees, salaries and superannuation.

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

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

8. <b>Financing facilities available</b> <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	320	(223)
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(333)
9.2 Product manufacturing and operating costs	(115)
9.3 Advertising and marketing	(96)
9.4 Leased assets	
9.5 Staff costs	(714)
9.6 Administration and corporate costs	(305)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(1,563)</b>

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

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(Director/Company secretary)

Print name: Lloyd Flint

### **Notes**

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