









(ASX: VLT)

31 January 2017

Vault Intelligence quarterly business update and Appendix 4C

Highlights:

-  **Vault continues to execute its planned expansion into the risk, safety and compliance software sectors with excellent mobile-led user growth and geographic expansion. Vault now protects and engages more than 900,000 people on its platform**
-  **Vault app users have grown 80% to more than 9,000 over the quarter**
-  **Vault completed a soft launch of its partner program late in the quarter, recruiting 15 professional risk and safety businesses**
-  **Vault completed a marketing rebrand late in the quarter, launching a new website driving immediate 80% growth in traffic and qualified lead generation**
-  **The Company has continued to grow its pipeline of opportunities across geographically and industrially diverse markets**
-  **The Company is executing an opportunity to partner with a Chinese government approved risk, safety and compliance service provider**

Risk, compliance and safety software provider Vault Intelligence Limited (ASX: VLT), (Vault, the Company) is pleased to provide its December 2016 quarterly report on business progress.

Developing a sustainable and globally scalable SaaS business

The second quarter of FY17 saw Vault continuing to develop a robust pipeline of potential recurring business through a sales cycle that typically takes between three and six months.

Vault Intelligence Limited
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www.vaultintel.com
ABN: 15 145 040 857

The Company earned cash receipts of \$686,000 during the quarter, with January 2017 already showing a marked improvement in sales conversion and cash generation. The Company's cash balance at 31 December was \$1.52 million. The Company increased its spend on R&D and marketing to facilitate software development and the support of the sales teams.

The OH&S Partner Program Vault launched during the quarter has started to bear fruit. The Company has already signed up 15 new OH&S consultant partners through this program, each of which consult to, on average, 30 companies. As these partners start to sell Vault's comprehensive, cloud-based software system to their own clients, the Company expects to accelerate its penetration of the fragmented risk and compliance software market.

Sales of the Company's mobile solution apps continued to escalate during the quarter, with the Vault Audit, Alert and Inspect app user base having grown beyond 9,000 users.

As Vault continues to shift its sales model from a capex-led process to one of software as a service (SaaS), the Company expects to see a higher proportion of its revenue become recurring as the business model becomes more sustainable. As at December 2016, Vault's software enabled risk management for more than 900,000 employees in 8 countries.

Australia

Vault's Australian business continued to develop in line with expectations during the quarter. Vault's Australian sales team is now established and is set to convert a fast-growing pipeline of potential clients in the current quarter. The Company is increasingly active in being invited to tender for opportunities across the Australian public and private sectors, reflecting the recent uplift in Vault's marketing efforts and profile in Australia.

The company is conducting proof of concept (POC) trials with several potential customers including government entities and private enterprise.

New Zealand

The Company's New Zealand business saw the execution of several contracts complete in January. The timing of these wins, in conjunction with the company's transition to a SaaS model from a capex model, affected NZ's contribution to revenue growth booked in the December quarter. Vault has remained extremely active in the tender space across a variety of sectors in NZ.

Asia

During the quarter, Vault secured a strategic partnership with China-based risk specialist Beckwell EHS Consulting. The partnership is structured such that Beckwell will market and promote the Vault range of risk software products to its broad base of more than 3,000 clients, including state owned enterprises. Beckwell is a government mandated EHS provider.

In support of this significant growth opportunity, Vault is regionalising its suite of localised apps for the Chinese market. The Company expects to implement the local language files and a rollout of its software to confirmed proof of concept (POC) customers in the first half of this

year. The customers include a major construction firm and a state owned enterprise.

The Chinese Government has mandated that SOEs and private enterprise move to software-based environmental health and safety solutions to meet their EHS compliance requirements.

Technology and corporate development

The Company has completed integration with a learning management system provider. This will facilitate the provision of online training and inductions through Vault software, and is already driving new sales opportunities.

To open up access to certain product features, Vault has made APIs available for high usage areas of its software, including people and event modules. A dedicated team within Vault is continuing to enhance API capability, which should accelerate implementation and enable self-service for enterprise and SME clients.

During the quarter Vault rebranded and launched a new website (<https://www.vaultintel.com>). This has had an immediate impact on driving more web traffic and boosting lead conversion.

Vault is excited about the prospects for the Company as it enters the second half of the financial year. The sales pipeline is primed to deliver results over the next six months as the Company looks to deliver on tender opportunities, direct and digital sales, partner driven sales and the re-signing of current major customers.

For more information, please contact:

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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 more than 2,000 business sites, encompassing 900,000+ users.

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

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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 Limited

ABN

15 145 040 857

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...6....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	685	1,319
1.2 Payments for		
(a) research and development	(179)	(179)
(b) product manufacturing and operating costs		(46)
(c) advertising and marketing	(200)	(289)
(d) leased assets	(3)	(46)
(e) staff costs	(434)	(968)
(f) administration and corporate costs	(378)	(1,382)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	12
1.5 Interest and other costs of finance paid	(8)	(25)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(513)	(1,604)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(49)	(87)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		

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	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(49)	(87)

3.	Cash flows from financing activities		
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	(2)	(177)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		(549)
3.7	Transaction costs related to loans and borrowings	(2)	(11)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(4)	(739)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,096	3,884
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(513)	(1,604)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(49)	(87)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(739)
4.5	Effect of movement in exchange rates on cash held	(6)	(70)
4.6	Cash and cash equivalents at end of quarter	1,524	1,524

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
5.1	Bank balances	1,349	1,967
5.2	Call deposits	402	411

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5.3	Bank overdrafts	(227)	(282)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,524	2,096

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1	Aggregate amount of payments to these parties included in item 1.2	116
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	

Includes directors fees, salaries and superannuation.

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

**Current quarter
\$A'000**

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	

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1	Loan facilities	327	209
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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

9. Estimated cash outflows for next quarter

\$A'000

9.1	Research and development	180
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	206
9.4	Leased assets	4
9.5	Staff costs	593

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9.6	Administration and corporate costs	171
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	1,154

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

Compliance statement

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

Sign here:
(Company secretary)

Date: ...31/1/17.....

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.