

5 July 2017

Update Record Quarter

- **Record quarter achieved in new enterprise contract signings and contracted revenue**
- **20 new customers signed during the quarter, including three major contracts**
- **Record sales for the quarter resulted in total contracted revenue from new contracts entered into during the quarter of AUD1.48m**
- **Unaudited recurring revenue has increased 58% year over year**
- **Over AUD800K invoiced for the quarter**
- **Conversion of China App completed and proof of concepts underway with large council and iconic Chinese organisation**

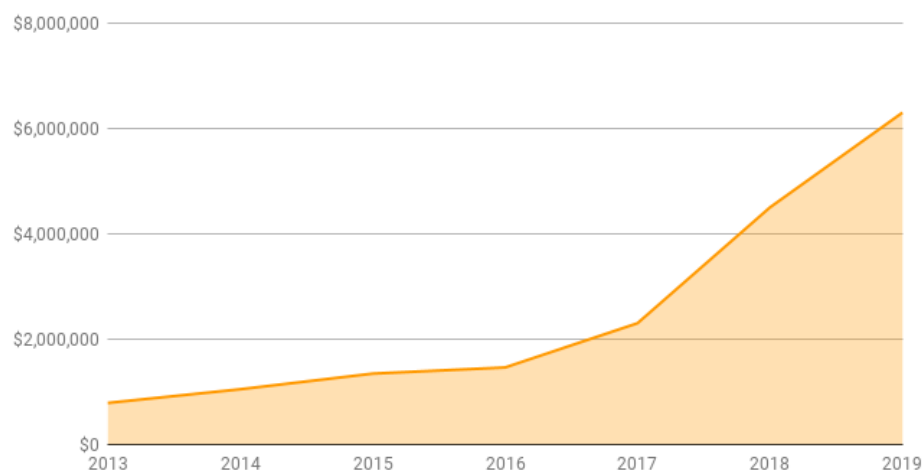
Risk, compliance and safety software provider Vault Intelligence Limited (ASX: VLT), (Vault, the Company) is pleased to provide an update on business development progress being made.

Business development momentum bears fruit

The recently completed quarter saw an uplift in sales of the Company's product suite and the number of new contracts signed. In addition to the previously announced, Restaurant Brands and New Zealand Post contracts, the Company secured a further 18 new customer contracts during the period, resulting in a record quarter for contract signings and new revenue. The Restaurant Brands and NZ Post roll out is underway and will be operational in the coming months.

The licensing revenue alone from new contracts entered into during the quarter amounts to more than AUD1.3m over the three year term of the contracts, which annualised is AUD0.43m to be added existing annualised recurring revenues of approximately AUD 2.3m. Based on an historic customer retention rate of 95%, the Company anticipates that these contracts will continue to generate meaningful revenues beyond their initial three year term.

Recurring License Revenue



The chart above illustrates the growth in Annualised Recurring Revenue (ARR) over the last two years and, when projected forward¹, highlights the strong recurring licence revenue pipeline the Company is creating.

In its transition to becoming a 'Software as a Service' (SaaS) business, Vault has become one of the first adopters of the new AASB 15 - 'Revenue' accounting standard. This standard requires revenue from software services to be recognised over the service period of the contract, rather than when payment is received. ARR represents the annual value of all software subscriptions currently under contract. Vault has adopted the ARR as the key metric for measuring performance within the business as it demonstrates ongoing sustainable revenue and/or increasing customer contracts.

Sales momentum is now producing the results expected by the Company. Sales are anticipated to continue at this level in the foreseeable future¹. The management systems, product development and sales strategies that the Company has been refining are now producing and delivering a significant improvement in results. Vault is experiencing a significant positive upturn across all sales revenue streams.

CEO, David Moylan commented, "From listing on July 1 last year we have bedded down new internal sales and reporting systems, new sales and support staff in Australia and New Zealand, added new developers and UI/UX specialists and are trialling our first Chinese App in Shanghai. However, we think we can do more and are still working on delivering a better product with better outcomes for our customers in our core Aust/NZ market. This will be seen with the launch of our new UI/UX experience to our Enterprise customers in August. We advised the market that sales momentum was growing and Q4 has delivered that. However, we believe we can do better as this is just the beginning."

The Company remains actively engaged in a large number of tender processes in both Australia and New Zealand and is also in discussion with numerous major groups about their risk and safety requirements. The Company's broader business sales pipeline continues to grow significantly.

China development underway

The Company has been working hard to convert several of its Applications for use in China. The Company is pleased to advise that the first trials of the product with clients of the Company's Chinese partner, Beckwell Consulting, are now underway.

Beckwell and Vault recently hosted a forum and workshop with 15 selected Beckwell customers in Shanghai ranging from major State Owned Enterprises through to major industry leaders in construction, manufacturing, mining, shipping and councils. The feedback from this forum and other meetings with potential customers on the Vault solution continues to be very encouraging. Vault is positioning itself to take advantage of a huge market that lacks competitors. All this has been achieved on minimal resources and funding. Vault's strategy will be executed through China based alliances and resellers. Vault has been selected as one of four companies to be sponsored by Austrade which is aiding penetration into the Chinese market as well as facilitating introductions.

As advised earlier in this year, Chinese legislation now requires businesses in China to install software based solutions to manage their environmental, health and safety obligations. This is a completely new market in China.

Whilst Vault is focused on its core Aust/NZ business and its growth, China is an unusual opportunity and one the Company will continue to pursue.

Notes:

¹ Projections for ARR are based upon current ARR and the ARR attained this quarter in contracted sales, together with continuing sales momentum at the level achieved in Q4. 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 (AUD400 to AUD500 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.

Ends.

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Cautionary statement – forward looking 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 more than 2,000 business sites, encompassing 1,000,000+ users.

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

