

29 January 2020

Vault Intelligence Limited December Quarterly Report and Appendix 4C

Vault Secures Record Quarter for New CARR of A\$3.8M with Growth Rate of 280% Quarter on Quarter

Vault Intelligence Limited (**ASX:VLT**) (**Vault** or **the Company**) is pleased to provide its quarterly report for the period to 31 December 2019.

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

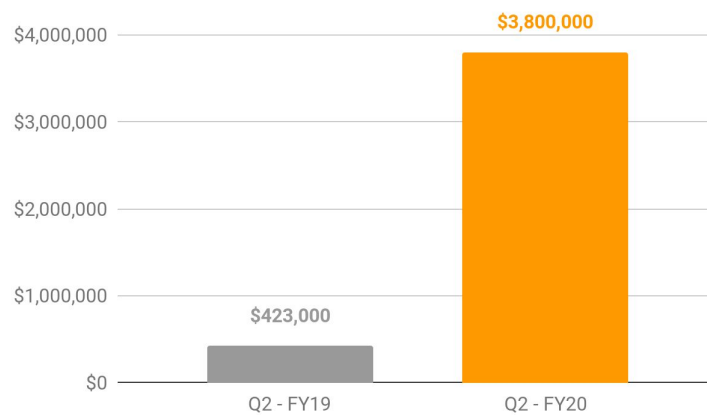
- ✓ **New Contracted Annualised Recurring Revenue (CARR)** for the quarter of **~A\$3.8M** representing an **increase of ~280% Quarter on Quarter**
- ✓ **CARR** at 31 December 2019 was **~A\$10.7M¹** representing a **growth of 155%** from the same time last year and **surpassing the FY guidance of A\$10M**
- ✓ **Total cash receipts for the quarter** was **A\$1.46M** with **customer receipts** for the quarter of **~A\$0.93M**
- ✓ **Significant contracts** signed in the Quarter with a **TCV of ~A\$22.9M**
- ✓ Vault is **well positioned to** continue the strong momentum from H1 FY20 to secure **new contracts** into H2 FY20
- ✓ Resources are also committed to the **conversion** of the recently announced contracts to **revenue, with associated cash flows, commencing during the current quarter**

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

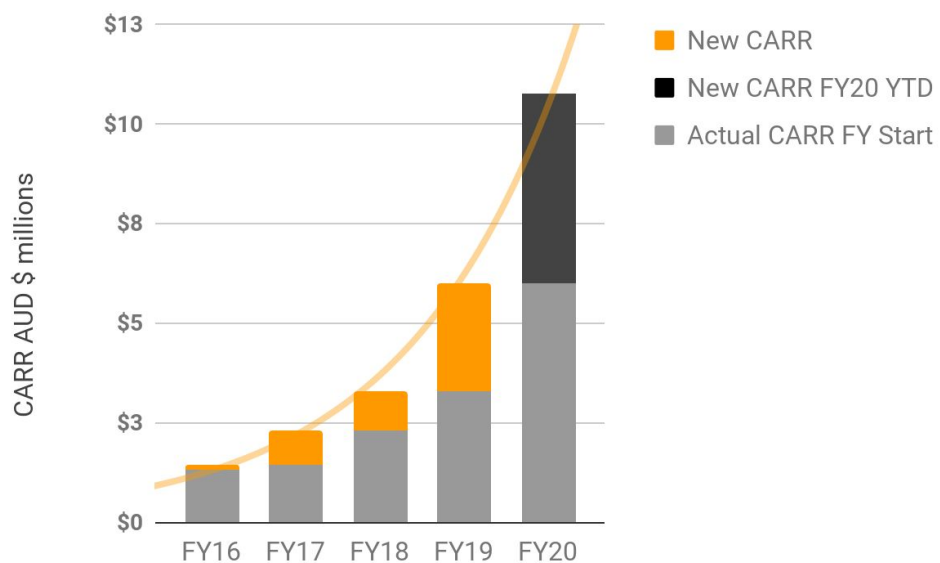
CARR Growth

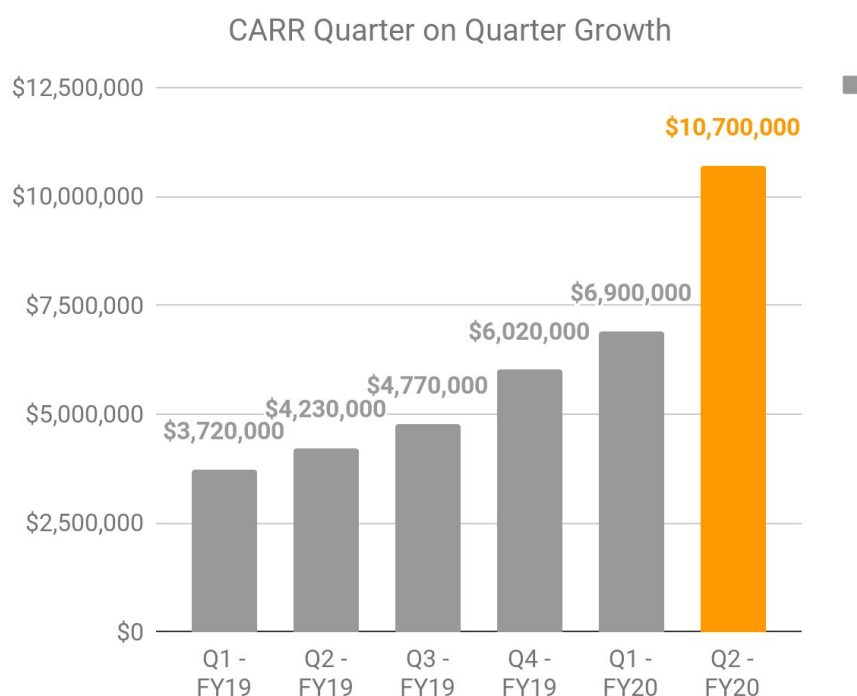
Key points:

- **New CARR** for the quarter of **A\$3.8m**, which represents **~A\$3.4M increase** over the same quarter last year.

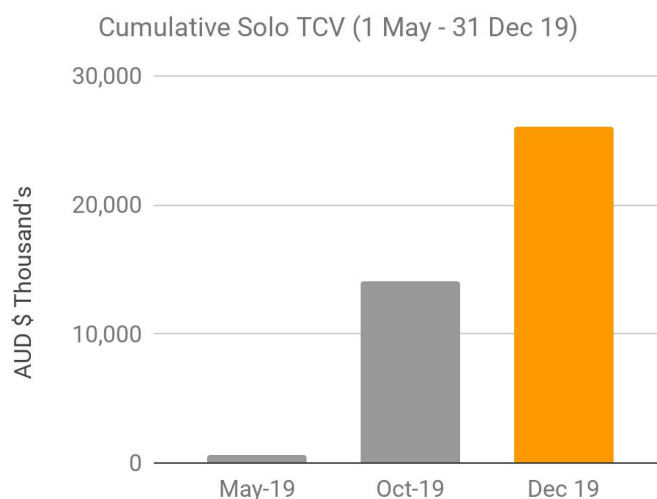


- This quarter's result added an **additional 56% to the Overall CARR** and is **155% higher** than the same quarter last year





Vault Solo Sales Total Contract Value (TCV) Growth



Operational Update & Guidance

The company retains a focus on continued strong growth but also on conversion of the executed contracts to revenue. Whilst some contracts will convert to revenue in a short timeframe (less than three months from execution), some larger contracts and partnerships will take longer to convert given the scale of the rollout. The company has implemented a number of operational processes to accelerate revenue growth and maximise the potential outcome of all existing contracts.

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

- ✓ **CARR** at the end of Q2 was A\$10.7M. 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 our 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. The company continues to pursue large scale, material opportunities to accelerate top line CARR growth.
- ✓ **Software Subscription Revenue growth** represents the conversion of CARR to revenue. Given the scale of significant and recent signings, the conversion to revenue will be progressively reflected over the coming quarters as subscriptions are commenced, which will be reflected in growth in cash receipts from customers.
- ✓ **Expense controls** are in place within the company in order to cap expenses growth at less than software subscription revenue growth². These controls are in place to accelerate the company towards positive operating cash flow and profitability. Additional one-off cash receivables (e.g. government grants) will also positively contribute to the ongoing reduction in total cash-burn.

New Key Contracts



ADT Security New Zealand and Australia is owned by Johnson Controls, a US\$31 billion dollar Fortune 500 company with 105,000 employees spread over 2,000 locations across 6 continents. ADT provides security solutions for homes and businesses, offering 24/7 monitored burglar alarms, Lone Worker solutions, the latest smart security and lifestyle technology, ADT is committed to providing innovative products to its customers providing protection of the average home and corner shop, to the provision of sophisticated security systems for major commercial facilities such as banking institutions, airports, large corporations and government agencies.

ADT has signed a contract with Vault which should deliver a minimum Total Contract Value (TCV) of A\$6.8M over the five (5) year term of the contract across Australia and New Zealand. The contract is two-fold for Vault and will see Solo and SoloDrive purchased and used internally in ADT across Australia and New Zealand as well as marketed and sold through to ADT's existing customer base and to new opportunities. ADT is focused on utilising Solo to increase their digital connection with their customers as well as providing added value to existing customers with cutting edge protection technology. Solo and SoloDrive are currently being deployed internally within ADT while sales campaigns have commenced in Australia and New Zealand targeting several major tenders and opportunities.

² Excludes expenses associated with expansion into new territories or investment in acquisition



SurePlan New Zealand is jointly owned by IAG and First Assistance New Zealand. SurePlan is the leading professional fleet and driver management company in New Zealand with over 44,000 vehicles under contract.

SurePlan has committed to contract for SoloDrive to sell into both their existing customer base as well as use to grow new revenue. SoloDrive gives SurePlan the ability to now provide real time feedback to organisations regarding their drivers performance which includes speeding, mobile phone handling and collision detection which in turn provide the organisations a more protected workforce, greater profitability via reduced vehicle operating and insurance costs.

The contract will deliver a minimum Total Contract Value (TCV) of A\$12.4M over the five (5) year term of the contract. With SoloDrive negating the need for vehicle telematics, SurePlan and Vault have initiated sales & marketing campaigns targeting the large grey fleet market (any vehicle not owned by a business but is used for business travel, e.g. employee's own vehicles), giving businesses both compliance with the law and protection for their employees at a significantly lower cost than a telematic solution.

Corporate Financial Notes

The company retains a solid cash position at the end of Q2 with over \$5.575M cash available to execute its growth initiatives. This included a successful \$7.5M equity raise (\$7.116M net of costs) completed on 3 October and receipt of its Australian R&D tax incentive of \$533k. The company has made its application for its New Zealand R&D tax incentive and expects its application to be processed in Q3.

Q2 is historically the Company's weakest customer receipts quarter each year due to the timing of receipt of a number of it's annual contracts. Year to date, cash receipts are up 9.0% year on year. It was expected that cash burn would materially reduce in Q2 due to an increase in customer receipts, however this did not materialise due to delays in implementation timeframes on some key contracts that were expected to have commenced.

Payments for operational expenditure were up \$614k on Q1, however this includes one off payments for commissions and bonuses of \$477k related to the achievement of the prior year's CARR targets and a \$192k annual upfront payment for its integrated Business Intelligence module. The company has invested an additional \$98k its advertising and marketing during the period (up 56% on Q1) as it refreshes its marketing collateral, website and lead generation capabilities. Investment continues to be made in product development, predominantly the Vault Solo product, with payments to acquire intellectual property up \$575k (81%) year on year.

Vault's focus for the remainder of the financial year is to work at pace to implement its contracted agreements with large customers to convert them into fee paying accounts as soon as possible, particularly its recent wins with ADT and Sureplan.

Ends.



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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 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")

31 December 2019

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	926	2,185
1.2 Payments for		
(a) research and development	(60)	(82)
(b) product manufacturing and operating costs	(329)	(440)
(c) advertising and marketing	(272)	(446)
(d) leased assets	(4)	(7)
(e) staff costs	(1,677)	(3,053)
(f) administration and corporate costs	(795)	(1,632)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	9
1.5 Interest and other costs of finance paid	(3)	(9)
1.6 Income taxes paid	-	(2)
1.7 Government grants and tax incentives	536	536
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,676)	(2,941)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(56)	(66)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

	(d) intellectual property	(539)	(1,280)
	(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)		
2.6	Net cash from / (used in) investing activities	(595)	(1,346)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	7,494	7,524
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	(378)	(378)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(3)	(6)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	7,113	7,140

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	764	2,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,676)	(2,941)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(595)	(1,346)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,113	7,140
4.5	Effect of movement in exchange rates on cash held	(31)	(59)
4.6	Cash and cash equivalents at end of quarter	5,575	5,575

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	5,483	676
5.2	Call deposits	91	88
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)	5,575	764

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**

445

Nil

Includes directors' fees, salaries, superannuation and one off commission payments of \$216k.

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**

Nil

Nil

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available <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	0	0
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	(48)
9.2 Product manufacturing and operating costs	(229)
9.3 Advertising and marketing	(219)
9.4 Leased assets	(3)
9.5 Staff costs	(1,433)
9.6 Administration and corporate costs	(678)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(2,610)

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: 29 January 2020

Print name: Graeme Smith

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.