Appendix 4D
Half Year Financial Report

Name of entity	**VAULT INTELLIGENCE LIMITED**
ABN	**15 145 040 857**
Reporting period	**Half Year ended 31 December 2019**
Previous corresponding period	**Half Year ended 31 December 2018**

The information contained in this report should be read in conjunction with the most recent annual financial report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

			31 December 2019	31 December 2018
Revenue from ordinary activities	Up	27%	2,104,794	1,656,834
(Loss) from ordinary activities after income tax attributable to members	Down	67%	(3,857,228)	(2,309,466)
Total comprehensive (loss) attributable to members	Down	61%	(3,892,544)	(2,419,910)
The company does not have a dividend policy.				

NTA Backing	31 December 2019	31 December 2018
Net tangible asset/(liability) backing per ordinary share	2.570 cents	3.397 cents

BRIEF EXPLANATION OF THE ABOVE FIGURES

Vault's primary source of revenue, software revenue, is delivered via its cloud based enterprise platform and accompanying mobile apps. Revenue from providing software services is recognised over the subscription period of the customer's contract. This results in the recognition of a liability on the balance sheet with respect to deferred income to be recognised over the course of the remainder of the subscription period.

Vault has continued to invest in its growth strategy in the half year by:

- Undertaking further development to enhance its product suite, particularly the Vault Solo product;
- Undertaking a project to standardise webhosting infrastructure to enable scalabe growth;
- Expanding the sales team to deliver on key contract acquisitions;
- Investing in the marketing function to refresh marketing collateral, website and lead generation capabilities

Please refer to the director's report for further details of the company's results.

Details of Controlled Entities
Vault establish a wholly owned subsidiary in Hong Kong on 16 September 2019, Vault Asia Technology (HK) Limited. The entity did not make a material contribution to the period's results.

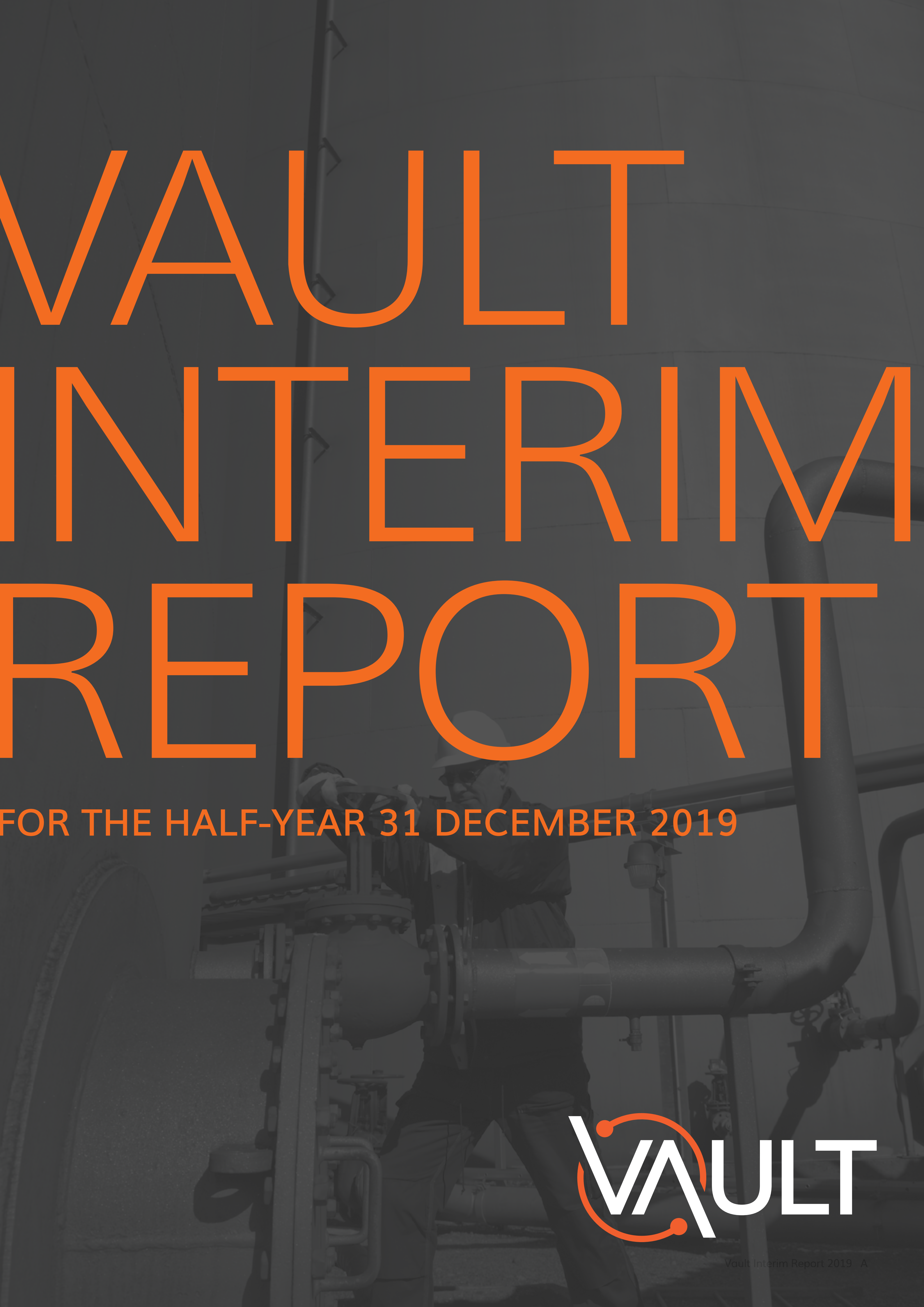
Associates / Joint Venture Entities
Not applicable. Vault Intelligence Limited has not engaged in the acquisition of associates nor has it engaged in any joint ventures in the half-year ended 31 December 2019.

Dividends
No dividends have been declared for the half-year ended 31 December 2019 or for the previous corresponding period.

Accounting Standards
AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4D.

Review Conclusion
This report is based on the financial statements for the half-year ended 31 December 2019. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.

Ross Jenkins
Chair
Date: 27 February 2020



VAULT INTERIM REPORT

FOR THE HALF-YEAR 31 DECEMBER 2019

CONTENTS

1 MANAGING DIRECTOR /CEO'S REVIEW

Managing Director /CEO's Review

Vault has had an exceptional first half of FY20, with record performance in all key metrics. This record performance is on the back of unprecedented growth in adoption of our leading Solo product and continued strong growth, coupled with low customer churn, for our Enterprise product. Our strategic signings of ADT and SurePlan will deliver significant cash in-flows for the Company and we continue to press into key target segments through our direct and indirect/ partner teams. Demand for Solo is accelerating, with our pipeline of opportunities continuing to grow at pace across targeted segments, resulting in significant well-advanced opportunities in all geographies and segments

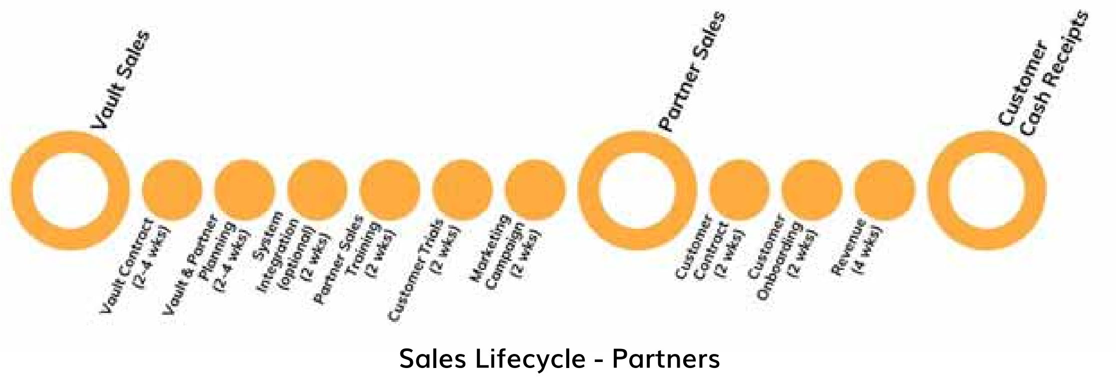
Key performance highlights

The first six months of the 2019-20 financial year has seen an extremely positive continuation of the rapid development and growth of Vault. During this period, the Company:

- Achieved record new Contracted Annualised Recurring Revenue Sales (CARR) for the period of $4.7M with total contract value of approx. $23M
- CARR growth rate of 155% in comparison to the same point last year and surpassed CARR market guidance for FY20 of $10M
- PWC performed audit procedures on the CARR balance consisting of active customer subscriptions and contracts to be commenced (as per previously communicated definition of CARR) totalling $10.7M as at 31 December 2019
- Recorded cash receipts of approximately $2.7M with $2.2M from customers
- Completed a successful $7.5M capital raising (before costs)
- Signed several new partner agreements in Australia / New Zealand, which are poised to deliver strong revenue commencing Q3 and into next FY
- Continued to add additional sales, technical and support personnel to further drive revenue from existing and new contracts
- Released Solo Drive which has been developed and proven with the winning of high value contracts to deliver front running driver behaviour management technology
- Significantly increased sales pipeline and opportunities
- Customer database migrations undertaken to unify hosted architecture to Microsoft Azure platform to support product scalability, enhanced security and cost efficiencies. Work continues to migrate all customers to the new hosted environment
- Vault Enterprise continues to be enhanced with 10 development Sprints completed with focus on enhancements to Contractor Portal, creation of new Asbestos and Confined Spaces registers and password management
- Solo Product continues to evolve with key enhancements in SoloDrive, B2C Patient Monitoring and Emergency Response Integration, Zone Imports and Solo Partner Portal
- Solo Partner Portal (Phase 1) has been completed (release in Q3 FY20) to support new Solo reseller partners (including but not restricted to: MePACS, ADT, SurePlan, Vita Group and Precision Farming)
- R&D conducted and development complete to enhance Solo's fall detection algorithms to support new fall types, including various trips and slips
- Product Design Team have now redesigned the Solo mobile app for upcoming development projects. This development is expected to commence in Q4 FY20

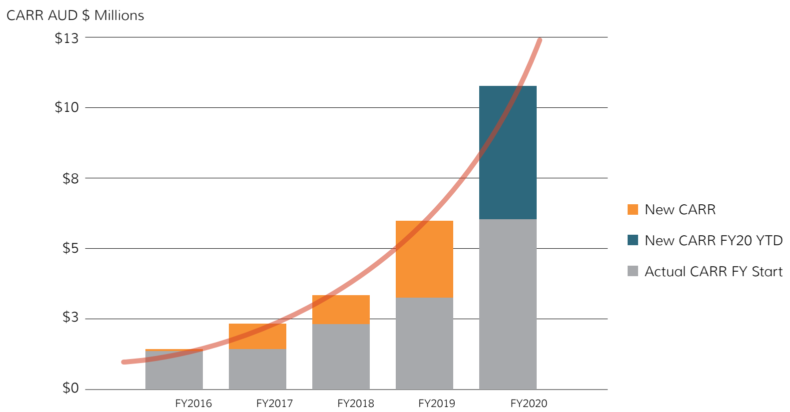
Key contract update, including sales lifecycle and sales incentives

- The sales lifecycle and key steps for large and material agreements, particularly large partnership agreements, is indicated in the below graphic
- There has been excellent progress with key partners ADT and SurePlan since contract execution in November 2019 and through the Christmas / New Year period, with both partners expected to deliver the first revenue and cash receipts during H2
- As outlined in the Company's Q2 4C, all CARR and associated contracts were subject to audit procedures by PwC as at 31 December 2019, where PwC confirmed CARR value and associated commitments



Sales Lifecycle - Partners

- CARR growth in H1 is represented in the following graph, demonstrating significant growth in the period. In addition to continuing to drive CARR growth, with effect 1 January 2020 and for the duration of H2 and beyond, the sales team commission structure has been adjusted in order to deliver cash into the business. Importantly, the revised sales commission structure is now weighted to ensure that >75% of commissions are based on cash receipts, payable to the sales team after receipt of cash by Vault. This will result in improved cash-flow and reduced cash-burn whilst still delivering on growth.



General partner and product update

The Group sees go-to-market partners and integrations as a key pillar to Solo's growth prospects, and the group has been developing these integrations to be leveraged in the future. In addition, Vault's Partner Portal will allow scalable subscriber growth by empowering partners to manage their own clients on the Solo platform. Phase 1 of the Partner Portal has been completed and will be released in Q3 to support Solo Reseller partners.

The Vault Enterprise product has continued to be refined during the period, with 10 development Sprints completed with focus on enhancements to the Contractor Management Portal, creation of new Asbestos and Confined Spaces registers and password management capabilities.

Investment in the product has also been made in quality assurance and testing of the product prior to releases. Continued effort on testing and defect management has resulted in a significant net reduction and improved customer satisfaction. Enterprise has maintained a strong retention rate and continues to to gain new customers in line with previous quarters and remains an important component as Solo aggressively ramps up.

The Company is going through a significant growth phase in development which is being led by the new Solo App. The Solo App is a genuinely disruptive product as has been proven with the recent large contracts and importantly is scalable and global in its application. The recent capital raising has assisted in ensuring delivery by adding personnel specific to the Solo product as well as across the other Vault products.

Key functional highlights;

- **Product Development**
  - The Group has continued to invest strongly in its Product Design and Development during the period, particularly on its Vault Solo Product. The group has seen significant CARR growth during the half year and this has been predominantly centred around the Vault Solo product. During the period enhancements have been made to:
    - SoloDrive, including enhanced driver behaviour management
    - B2C Patient Monitoring and Emergency Response Integrations for go-to market partners
    - Zone Imports
    - Solo Partner Portal, and
    - Fall detection algorithms including new fall types such as trips and slips
- **Technology Development**
  - Consolidation of clients' hosted environments has taken place during the period to ensure all clients are migrated into a single environment by the end of FY20.
  - Vault sees multiple benefits to customers through undertaking this project, including:
    - Enhanced security for the end user and Vault
    - Improved speed and performance for the end user
    - Technology that is vastly easier to manage and scalable to business needs
    - Cost efficiencies
- **Customer Success**
  - As sales growth and technical development continues the Company strives to enhance and improve its customer success programs. New systems for implementation and training are being rolled out to facilitate a better integration and implementation experience with the Solo product subject to intense work on implementation process
- **Financial Overview**
  - Cash Receipts
    - Cash receipts from customers were $2.18M for the six months to December 2019 and continues to outperform prior comparative periods (pcp). Traditionally Vault has lower cash receipts through the first half of the financial year, with significant growth through H2.
    - During H1 FY20 there were major CARR contracts signed, with expectations that they begin to convert to cash through H2 FY20 and FY21.
- **Revenue**
  - Software revenue recorded record first half performance through the six months to 31 December 2019 with $2.32M. This represented growth on pcp of $0.448M or 34%
- **Margins**
  - Controls around the costs to deliver the increased revenue, saw cost of revenue increase by $0.110M representing 24.5% of every incremental revenue dollar
  - Overall Gross Profit was at 61%, a growth rate of 6.8% pcp or $0.338M contribution to profit margins.
- **Overheads**
  - Sales & marketing efforts to raise contracted annual recurring revenue, saw the ratio move from every dollar of sales and marketing effort contribute $2.41 of contractual pipeline, up from $0.81 from pcp. In order to ensure focus on cash receipts growth, whilst maintaining CARR growth, the sales commission structure was adjusted in the period. Revised commission structure ensures that over 75% of commission payments are payable only after receipt of revenue by Vault, leading to; increasing revenue, lifting cash receipts and improved cash-flow
  - Product development and design saw a 16% growth in overheads due to the continued work to enhance UI/UX & new features, the net costs of product development and design saw favourable movements from 30.15% to 23.67% of total revenue
  - General and administration costs increased by $1.35M pcp, mainly due to more staff, exiting old and entering new premises, share based payments schemes, recruitment costs and one-off costs related to project based work

2 DIRECTOR'S REPORT

Directors Report

Your Directors present their report on the Consolidated entity consisting of Vault Intelligence Limited ("Company") and the entities it controlled at the end of, or during, the half-year 31 December 2019. Throughout the report, the Consolidated entity is referred to as the Group

Directors and company secretary

The following persons were Directors of Vault Intelligence Limited during the whole of the financial period and up to the date of this report unless otherwise stated:

- Ross Jenkins
- David Moylan
- Robert Kirtlan
- David Rose

Graeme Smith was appointed as company secretary on 1 July 2018 and continues in office at the date of this report.

Company secretary

Graeme Smith: Appointed 1 July 2018, Mr Smith is the principal of Wembley Corporate Services Pty Ltd which provides corporate secretarial, CFO and governance services. Mr Smith has over 25 years' experience in company secretarial work. Mr Smith is a non-executive director of Anglo Australian Resources NL.

Principal activities

During the year the principal continuing activity of the Group was the provision of cloud-based and mobile Environmental Health and Safety (EHS) software.

Review of operations

A detailed review of operations is contained in the CEO report.

The first six months of the 2019-20 financial year has been a strong continuation of the development and growth of Vault. During this period, the Group:

- Achieved record new Contracted Annualised Recurring Revenue (CARR) for the period, including significant deals with ADT security and Sureplan;
- Revenue from software services up 33.9% year on year to $2.03m;
- Operating Revenue up 27.0% year on year to $2.10m;
- Cash receipts from up 6.42% on the same period last year; and
- Completed a successful $7.524m capital raising (before costs);
- Significantly increased sales pipe and opportunities;
- Vault Enterprise continues to be enhanced with 10 development Sprints completed with focus on enhancements to Contractor Portal, creation of new Asbestos and Confined Spaces registers and password management;

Directors Report continued

- Solo Product continues to evolve with key enhancements in SoloDrive, B2C Patient Monitoring and Emergency Response Integration, Zone Imports and Solo Partner Portal;
- Product Design Team have now redesigned the Solo mobile app for upcoming development projects. This development is expected to commence in Q4 FY20.

The Group is pleased with its growth in CARR year to date, with significant multi-year contracts being signed with Sureplan and ADT security. Whilst some contracts will convert to revenue in a short timeframe (within 3 months from execution), larger contracts such as these will take longer to convert to revenue given the scale of the rollout required. The company has implemented a number of operational processes to accelerate revenue growth and maximise the potential outcome of all existing contracts.

Technology Development

The Group has been undertaking a project to consolidate and modernise its hosted architecture. This involves the structured and progressive migration of clients from one of three hosted environments onto a single Microsoft Azure platform. This project commenced in late FY19 and has been underway for all of the reporting period. The Company sees multiple benefits to the company and customers through undertaking this project, including:

- Enhanced security for the end user and Vault
- Improved speed and performance for the end user
- Technology that is vastly easier to manage and scalable to business needs
- Cost efficiencies

It is expected that 2 of the 3 hosted environments will be migrated to the new Azure environment by the end of Q3 FY20, with all customer migrations to occur by the end of FY20.

During the project, the Group has incurred additional costs for project management and web-hosting costs as it is required to keep older servers on for the duration of the migration. It is expected that at the conclusion of the project, webhosting costs will normalise to previous levels.

Product Development and Go-to-market

The Group has continued to invest strongly in its Product Design and Development during the period, particularly on its Vault Solo Product. The group has seen significant CARR growth during the half year and this has been predominantly centered around the Vault Solo product.

The Group sees go-to-market partners and integrations as a key pillar to Solo's growth prospects, and the group has been developing these integrations that can be leveraged in the future. In addition, Vault's Partner Portal will allow scalable subscriber growth by empowering partners to manage their own clients on the Solo platform. Phase 1 of the Partner Portal has been completed and will be released in Q3 to support Solo resales partners.

The Vault Enterprise product has continued to be refined during the period, with 10 development Sprints completed with focus on enhancements to the Contractor Management Portal, creation of new Asbestos and Confined Spaces registers and password management capabilities.

Investment in the product has also been made in quality assurance and testing of the product prior to releases. Continued effort on testing and defect management has resulted in a significant net reduction.

Corporate

Capital Raise

The Group conducted a successful capital raising in September 2019 which was well supported by institutional and sophisticated high net worth investors. The Group issued 25,080,000 new shares at $0.30 per share to raise $7.524 million before costs ($7.18m after costs).

Financial Results

The Group generated a loss of $3.90M whilst revenue was up 27% to $2.10M. The Group has been investing in a number of business functions to allow scalable growth that have seen increased operational costs across the Group compared to the half year ended 31 Dec 2018.

Such activities include:

- **Sales and marketing -** Investment in Client Resource Management capabilities, marketing collateral and lead generation capabilities, expansion of sales team to employ of industry specialist staff to manage target specific industry verticals;
- **Product Design and Development -** Expansion of development team to deliver on key software development priorities, particularly new features on the Vault Solo product;
- **General and Administration -** Increased costs for occupancy costs for larger workforce and relocation of Melbourne office premises, consulting costs incurred for the transition of server infrastructure to Microsoft Azure to allow efficient scaling, payments of bonuses for achievement of CARR targets, increase in share based payments for new option issues to directors and employees.

The Group has also lodged R&D, Tax and Grant claims with the Australian and New Zealand Governments. The Group has received $536k as a result of its Australian R&D application, with the NZ application still to be assessed

Future Outlook

While the company achieved lower than expected budgeted revenue growth for the period, due to the slower than forecast conversion of CARR into monthly revenue, the Board remains positive about the future outlook of the company. The substantial growth of contracted commitments and new partnerships validates the attractiveness and market fit of the Vault Solo solution. In addition to increasing sales in NZ, Australia and Asia the company is now focusing resources into expanding into the UK and USA to take advantage of the "first mover" position Vault Solo has demonstrated.

With all key operational business leaders having now been in place for more than 12 months the Board has confidence in their ability to successfully execute the company's plans.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial period were as follows:

Contributed equity increased by $7,180,170 (from $22,686,132 to $29,866,302) net of transaction costs as the result of a capital raise to institutional and sophisticated investors. Details of the changes in contributed equity are disclosed in note 3 to the financial statements.

Events since the end of the half-year period end

No matter or circumstance has arisen since 31 December 2019 that has significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is made in accordance with a resolution of Directors.

Ross Jenkins
Director

27 February 2020

Auditor's Independence Declaration

As lead auditor for the review of Vault Intelligence Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Vault Intelligence Limited and the entities it controlled during the period.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
27 February 2020

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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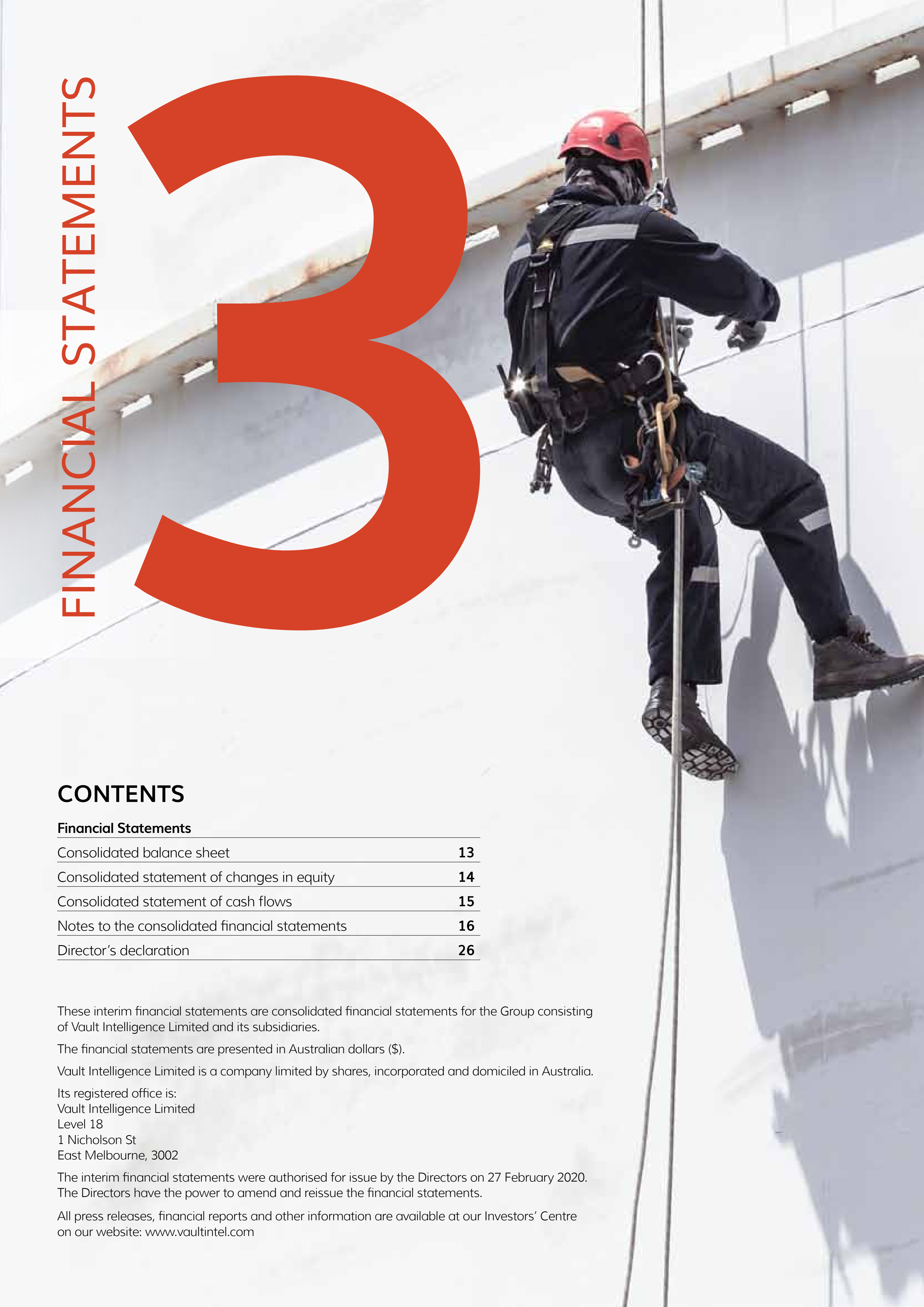

3 FINANCIAL STATEMENTS

CONTENTS

These interim financial statements are consolidated financial statements for the Group consisting of Vault Intelligence Limited and its subsidiaries.

The financial statements are presented in Australian dollars ($).

Vault Intelligence Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Vault Intelligence Limited
Level 18
1 Nicholson St
East Melbourne, 3002

The interim financial statements were authorised for issue by the Directors on 27 February 2020. The Directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investors’ Centre on our website: www.vaultintel.com

Financial Statements

Consolidated statement of comprehensive income

for the half year ended 31 December 2019

		Consolidated entity	
	Notes	**31 December 2019 $**	31 December 2018 $
Software revenue	6	**2,031,581**	1,516,892
Other revenue	6	**73,213**	139,942
Total operating revenue		**2,104,794**	1,656,834
Cost of revenue		**(820,472)**	(710,513)
Gross profit		**1,284,322**	946,321
Operating expenses			
Sales and marketing		**(1,751,037)**	(1,114,888)
Product design and development		**(397,716)**	(319,261)
General and administration		**(2,825,541)**	(1,475,043)
Total operating expenses		**(4,974,294)**	(2,909,192)
Depreciation and amortisation expense		**(676,927)**	(349,852)
Government grants		**536,467**	-
Operating deficit		**(3,830,432)**	(2,312,723)
Interest received		**5,043**	19,204
Interest expense		**(31,839)**	(15,947)
		(26,796)	3,257
Loss before income tax		**(3,857,228)**	(2,309,466)
Income tax expense		**-**	-
Loss for the half year		**(3,857,228)**	(2,309,466)
Other Comprehensive income/(loss) for the year ***Items that may be reclassified to profit and loss***			
Foreign currency translation reserve differences		**(35,316)**	(110,444)
		(35,316)	(110,444)
Total comprehensive loss for the year		**(3,892,544)**	(2,419,910)
Loss is attributable to:			
Owners of Vault Intelligence Limited		**(3,857,228)**	(2,309,466)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share		**(3.341)**	(2.402)
Diluted loss per share		**(3.341)**	(2.402)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 31 December 2019

		Consolidated entity	
	Notes	**2019 $**	2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**5,476,800**	2,432,906
Trade and other receivables		**619,447**	596,118
Total current assets		**6,096,247**	3,029,024
Non-current assets			
Property, plant and equipment		**210,757**	223,112
Intangible assets	5(a)	**3,594,698**	2,901,263
Other non-current assets		**55,109**	55,108
Term and security deposits		**132,100**	452,018
Right-of-use assets	2	**706,649**	-
Total non-current assets		**4,699,313**	3,631,501
Total assets		**10,795,560**	6,660,525
LIABILITIES			
Current liabilities			
Trade and other payables		**1,260,825**	1,083,554
Borrowings		**24,289**	66,365
Bank overdraft		**-**	72,191
Employee benefit obligations		**307,822**	265,698
Provisions		**85,489**	-
Deferred revenue		**1,303,832**	1,548,765
Lease liabilities	2	**80,816**	-
Total current liabilities		**3,063,073**	3,036,573
Non-current liabilities			
Borrowings		**75,072**	83,622
Employee benefit obligations		**32,658**	18,861
Lease liabilities	2	**740,636**	-
Total non-current liabilities		**848,366**	102,483
Total liabilities		**3,911,439**	3,139,056
Net assets		**6,884,121**	3,521,469
EQUITY			
Share capital	3(a)	**29,866,302**	22,686,132
Other reserves	3(b)	**768,900**	659,958
Retained earnings		**(23,751,081)**	(19,824,621)
Total equity		**6,884,121**	3,521,469

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the half year ended 31 December 2019

		Attributable to owners of Vault Intelligence Limited				
Consolidated entity	Notes	**Share capital $**	**Option Reserve $**	**Accumulated losses $**	**Foreign currency translation reserve $**	**Total equity $**
Balance at 1 July 2018		17,901,068	815,982	(15,189,543)	(125,939)	3,401,568
Loss for the year		-	-	(2,309,466)	-	(2,309,466)
Other comprehensive (loss)		-	-	-	(110,444)	(110,444)
Total comprehensive income for the half year		**-**	**-**	**(2,309,466)**	**(110,444)**	**(2,419,910)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	3(a)	4,785,064	-	-	-	4,785,064
Employee share schemes - value of employee services	3(b)	-	58,241	-	-	58,241
		4,785,064	58,241	-	-	4,843,305
Balance at 31 December 2018		**22,686,132**	**874,223**	**(17,499,009)**	**(236,383)**	**5,824,963**
Balance at 1 July 2019		22,686,132	911,144	(19,824,621)	(251,186)	3,521,469
Change in accounting policy		-	-	(69,232)	-	(69,232)
Restated total equity at the beginning of the financial period		**22,686,132**	**911,144**	**(19,893,853)**	**(251,186)**	**3,452,237**
Loss for the year		-	-	(3,857,228)	-	(3,857,228)
Other comprehensive (loss)		-	-	-	(35,316)	(35,316)
Total comprehensive income for the half year		**-**	**-**	**(3,857,228)**	**(35,316)**	**(3,892,544)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	3(a)	7,180,170	-	-	-	7,180,170
Employee share schemes - value of employee services	3(b)	-	144,258	-	-	144,258
		7,180,170	144,258	-	-	7,324,428
Balance at 31 December 2019		**29,866,302**	**1,055,402**	**(23,751,081)**	**(286,502)**	**6,884,121**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the half-year ended 31 December 2019

		Consolidated entity	
	Notes	**31 December 2019 $**	31 December 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,180,121**	2,048,568
Payments to suppliers and employees (inclusive of goods and services tax)		**(5,666,928)**	(4,485,336)
Other income - Research and Development Tax Offset		**536,467**	-
Interest received		**9,187**	19,425
Interest paid		**(8,786)**	(15,947)
Net cash (outflow) from operating activities		**(2,949,939)**	(2,433,290)
Cash flows from investing activities			
Payments for property, plant and equipment		**(58,523)**	(61,097)
Proceeds from sale of property, plant and equipment		**212**	-
Purchase of intangible assets		**(1,278,581)**	(146,789)
Maturity of term and security deposits		**316,281**	-
Net cash (outflow) from investing activities		**(1,020,611)**	(207,886)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	3(a)	**7,524,000**	5,008,750
Finance lease payments		**(50,713)**	(18,587)
Capital raising costs		**(343,829)**	(246,052)
Net cash inflow from financing activities		**7,129,458**	4,744,111
Net increase in cash and cash equivalents		**3,158,908**	2,102,935
Cash and cash equivalents at the beginning of the financial year		**2,360,715**	2,133,121
Effects of exchange rate changes on cash and cash equivalents		**(42,823)**	(37,641)
Cash and cash equivalents at end of period		**5,476,800**	4,198,415
Cash and cash equivalents at end of the half year ***Comprised of:***			
Cash and cash equivalents		**5,476,800**	4,398,060
Bank overdraft		**-**	(199,645)
Total		**5,476,800**	4,198,415

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Vault Intelligence Limited and its subsidiaries.

(a) Basis of preparation

The condensed consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Vault Intelligence Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the new and amended standards as set out below.

(i) Going Concern

For the half-year ended 31 December 2019, the Group has incurred losses of $3.857 million (2018: $2.309 million) and incurred net cash outflows from operating activities of $2.950 million (2018: $2.433 million).

The Group expects increased revenues, primarily from the sale of newly developed products as well as expanding into new markets. The Group has signed a significant quantum of contracts in the first half of the year that are in the process of being implemented. Subscription revenue and cash from these contracts will be derived at the point services commence being provided. Given the complexity of these rollouts coupled with the early stages of Vault's value proposition in Australia and Asian regions, there is judgement and estimation in the timing and quantum of revenue and cash flow forecasts.

The Directors have determined that there are reasonable grounds to believe that the use of the going concern basis is appropriate as there is an expectation that:

- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Group's cash balance as at 31 December 2019 ($5.477 million) is adequate to enable the Group to meet its committed operational expenditure beyond 28 February 2021.

(ii) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2 Changes in accounting policies

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The Group has adopted AASB 16 from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.91%.

The Group has one lease that was subject to the operations of AASB 16, being the lease of its business premises in Christchurch, New Zealand. Payments for this lease were previously recognised as rent expenses.

	$
Operating lease commitments disclosed as at 30 June 2019	**389,125**
less commitments to Melbourne and Perth offices	**(131,846)**
less discount using lessee's incremental borrowing rate at the date of application	**(25,379)**
add option period on Christchurch Premises	**624,176**
Lease liability recognised as at 1 July 2019	**856,076**
Of which are:	
Current lease liabilities	**78,464**
Non-current lease liabilities	**777,612**
Lease liability recognised as at 1 July 2019	**856,076**

The associated right-of-use assets for property leases were measured on a modified retrospective basis. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 $	1 July 2019 $
Properties	**706,649**	744,867
Total right-of-use assets	**706,649**	744,867

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets - increase by $744,867
- Lease liabilities - increase by $856,076
- Prepayments - increase by $41,977
- The net impact on retained earnings on 1 July 2019 was a decrease of $69,232

(b) The Group's leasing activities and how these are accounted for

The Group leases an office location in Christchurch, New Zealand. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(i) Extension and termination options

Extension and termination options are included on the property lease for the Christchurch office. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the total lease payments made were optional.

(c) Change in presentation

From 1 July 2019, the Group has elected to present its consolidated statement of comprehensive income by nature of expense. This statement was previously presented by the function of the expense. The Group believes that changing the presentation format of the statement is more reliable and relevant as it is a standard format adopted in the Software as a Service (SaaS) industry.

Note 4 presents the 31 December 2019 half year and comparative period cost of revenue and operating expenses excluding depreciation and amortisation information.

3 Equity

(a) Share capital

	31 December 2019 $	**31 December 2019 Shares**	30 June 2019 $	30 June 2019 Shares
Ordinary shares				
Opening balance	**22,686,132**	**102,917,024**	17,901,068	862,152,727
Share Issue	**7,524,000**	**25,080,000**	5,000,000	166,666,667
Costs of issue	**(343,830)**	**-**	(223,686)	-
Exercise of Options	**-**	**-**	8,750	350,000
1:10 Share Consolidation	**-**	**-**	-	(926,252,370)
	29,866,302	**127,997,024**	22,686,132	102,917,024
Total share capital and share premium	**29,866,302**	**127,997,024**	22,686,132	102,917,024

The Group announced in September 2019 that it had successfully raised $7.524 million in additional capital from institutional and sophisticated investors to subscribe for 25,080,000 shares at $0.03 per share.

(b) Other reserves

(i) Nature and purpose of reserves

Option Reserve

The option reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated entity	
	31 December 2019 $	30 June 2019 $
Foreign currency translation reserve	**(286,502)**	(251,186)
Option reserve	**1,055,402**	911,144
	768,900	659,958

(ii) Option Reserve

The option reserve records items recognised as expenses over the vesting period on valuation of employee share options.

	31 December 2019 $	30 June 2019 $
Movement in option reserve		
Opening Balance	**911,144**	815,982
Director Options	**19,088**	66,220
Director Options	**5,331**	10,575
Director Options (i)	**4,615**	9,154
Employee Options (ii)	**9,366**	9,213
Employee Options (v)	**4,964**	-
Employee Options (vi)	**63,403**	-
Director Options (vii)	**37,491**	-
	1,055,402	911,144

December 2019	Balance at beginning of period	Options Granted	Options converted	Options lapsed[1]	Other changes	Balance at end of the period
Management Options	1,100,000	-	-	(1,100,000)	-	-
Director Options	350,000	-	-	-	-	350,000
Director Options	350,000	-	-	-	-	350,000
Director Options (ii)	1,100,000	-	-	-	-	1,100,000
Director Options (ii) (iii)	500,000	-	-	-	-	500,000
Director Options (ii) (iii)	500,000	-	-	-	-	500,000
Employee Options (iv)	500,000	-	-	-	-	500,000
Employee Options (iv)	500,000	-	-	-	-	500,000
Employee Options (v)	-	300,000	-	-	-	300,000
Employee Options (vi)	-	3,480,000	-	-	-	3,480,000
Director Options (vii)	-	200,000	-	-	-	200,000
Director Options (vii)	-	4,500,000	-	-	-	4,500,000
Director Options (vii)	-	1,000,000	-	-	-	1,000,000
Total	**4,900,000**	**9,480,000**	**-**	**(1,100,000)**	**-**	**13,280,000**

[1] Management options expired unexercised on 5 August 2019.

(i) The KPI Options expired unexercised on 21 June 2019.

(ii) 2,500,000 Director options were issued on 23 November 2018 pursuant to shareholder approval received at the Group's 2018 AGM in November 2018. The terms of the options issued are shown below:

Recipient	Quantity	Exercise Price	Expiry	Vesting Conditions
Evonne Collier	200,000	$0.50	23 Nov 2021	$4m annual recurring revenue
Evonne Collier	200,000	$0.60	23 Nov 2021	$5m annual recurring revenue
David Moylan	500,000	$0.50	23 Nov 2021	$8m annual recurring revenue
David Moylan	500,000	$0.60	23 Nov 2021	$12m annual recurring revenue
Ross Jenkins	200,000	$0.30	23 Nov 2021	$4m annual recurring revenue
Ross Jenkins	400,000	$0.30	23 Nov 2021	$5m annual recurring revenue
Ross Jenkins	500,000	$0.30	23 Nov 2021	Vested immediately

(iii) Options granted to Evonne Collier lapsed as a result of resignation.

(iv) Employee options issued on 31 December 2018 pursuant to the Employee Incentive Scheme were issued in 2 tranches, both with a 31 August 2020 expiry as follows:

- 500,000 options with a $0.40 exercise price, subject to the Group achieving $4m in annual recurring revenue.
- 500,000 options with a $0.60 exercise price, subject to the Group achieving $6m in annual recurring revenue.

(v) Employee options issued on 1 July 2019 pursuant to the Employee Incentive Scheme were issued in 1 tranche with a 30 June 2020 expiry as follows:

- 300,000 options with a $0.30 exercise price, subject to the Group achieving $9m contracted annual recurring revenue (CARR) *(vi) Employee options issued on 1 August 2019 pursuant to the Employee Incentive Scheme were issued with a 31 July 2023 expiry as follows:*

- 3,480,000 options with a $0.30 exercise price, vesting in 3 tranches as follows:
  - 40% of employee allocation vests on achieving $9m CARR
  - 30% of employee allocation vests on achieving $12.6m CARR
  - 30% of employee allocation vests on achieving $16.38m CARR

(vii) Director options issued pursuant to shareholder approval at the Group's AGM on 25 November 2019. The terms of the options issues are shown below:

Recipient	No. of Options	Vesting Conditions (1)
David Moylan	2,000,000	3 x CARR targets
Ross Jenkins	500,000	3 x CARR targets
Ross Jenkins	200,000	$4million in annual recurring revenue
David Rose	1,000,000	3 x CARR targets
David Rose	1,000,000	$6million in CARR
Robert Kirtlan	1,000,000	3 x CARR targets

(1) The CARR target vesting conditions noted above are as follows:

- 40% of allocation vests on achieving $9m CARR
- 30% of allocation vests on achieving $12.6m CARR
- 30% of allocation vests on achieving $16.38m CARR

(iii) Foreign Currency Translation Reserve

	Consolidated entity	
	31 December 2019 $	30 June 2019 $
Opening balance	**(251,186)**	(125,939)
Movements on translation of foreign subsidiary operations during and at period end	**(35,316)**	(125,247)
	(286,502)	(251,186)

4 Expenses

	31 December 2019 $	31 December 2018 $
Marketing and advertising	**287,836**	197,141
Occupancy expenses	**316,904**	183,256
Administrative expenses	**789,889**	391,277
Employee benefit expenses	**3,592,288**	2,356,226
Loss on disposal	**29,005**	-
Share based payments	**144,258**	58,241
Web hosting expense	**203,048**	124,028
Foreign exchange loss/(gain)	**45,696**	(59,410)
Travel expenses	**222,036**	158,562
Insurance	**38,458**	30,852
Other	**229,625**	179,532
Total cost of revenue and operating expenses excl. depreciation and amortisation	**5,899,043**	3,619,705

5 Non-financial assets and liabilities

(a) Intangible assets

Consolidated entity Non-Current assets	Vault Enterprise Platform $	Vault Enterprise Upgrades $	Vault Apps $	Vault Solo $	Other $	Total $
At 1 July 2018						
Cost	2,120,912	744,925	164,200	231,797	51,319	3,313,153
Accumulated amortisation and impairment	(1,343,209)	(57,100)	-	-	(18,661)	(1,418,970)
Net book amount	**777,703**	**687,825**	**164,200**	**231,797**	**32,658**	**1,894,183**
Year ended 30 June 2019						
Opening net book amount	777,703	687,825	164,200	231,797	32,658	1,894,183
Additions - purchases	-	539,949	-	39,609	2,153	581,711
Additions - internal development	-	94,637	149,386	921,625	-	1,165,648
Exchange differences	-	11,107	375	7,102	90	18,674
Amortisation charge	(305,780)	(199,980)	(82,113)	(161,713)	-	(749,586)
Depreciation charge	-	-	-	-	(9,367)	(9,367)
Closing net book amount	471,923	1,133,538	231,848	1,038,420	25,534	2,901,263
At 30 June 2019						
Cost	2,120,912	1,390,618	313,961	1,200,133	53,562	5,079,186
Accumulated amortisation and impairment	(1,648,989)	(257,080)	(82,113)	(161,713)	(28,028)	(2,177,923)
Net book amount	**471,923**	**1,133,538**	**231,848**	**1,038,420**	**25,534**	**2,901,263**
Half-year 31 December 2019						
Opening net book amount	471,923	1,133,538	231,848	1,038,420	25,534	2,901,263
Additions - purchases[1]	-	169,368	-	44,000	-	213,368
Additions - internal development	-	303,585	22,488	742,989	-	1,069,062
Exchange differences	-	3,235	24	1,439	(3)	4,695
Amortisation charge	(74,322)	(183,954)	(53,684)	(277,272)	-	(589,232)
Depreciation charge	-	-	-	-	(4,458)	(4,458)
Closing net book amount	397,601	1,425,772	200,676	1,549,576	21,073	3,594,698
At 31 December 2019						
Cost	2,120,912	1,866,806	336,474	1,988,562	53,559	6,366,313
Accumulated amortisation and impairment	(1,723,311)	(441,034)	(135,798)	(438,986)	(32,486)	(2,771,615)
Net book amount	**397,601**	**1,425,772**	**200,676**	**1,549,576**	**21,073**	**3,594,698**

[1] *Represents the additions to the Vault products from outsourced product development during the half-year.*

6 Segment information

(a) Identification of reportable segments

The Group operates in one reporting segment being the provision of cloud-based and mobile EHS software within 3 jurisdictions, being Australia, New Zealand and China. Software revenue and other operating income for the Group in each jurisdiction was as follows:

	Australia $	New Zealand $	Rest of World $	Total $
31 December 2019 operating segments				
Software revenue [1]	740,129	1,289,705	1,747	**2,031,581**
Other revenue [2]	9,833	63,380	-	**73,213**
Total	749,962	1,353,085	1,747	**2,104,794**
31 December 2018 operating segments				
Software revenue	452,909	1,063,983	-	**1,516,892**
Other revenue	6,808	133,134	-	**139,942**
Total	459,717	1,197,117	-	**1,656,834**

[1] *All software revenue is recognised over the life of the subscribers service period.*

[2] *Other revenue is recognised at a point in time.*

7 Related party transactions

(a) Related Party Option Holdings

The number of options held in Vault Intelligence Limited held by each key management person of the Group during the period is as follows:

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the half-year
Mr Ross Jenkins	1,100,000	700,000	-	-	1,800,000
Mr David Moylan	1,000,000	2,000,000	-	-	3,000,000
Mr David Rose	200,000	2,000,000	-	-	2,200,000
Mr Robert Kirtlan	500,000	1,000,000	-	-	1,500,000
	2,800,000	**5,700,000**	**-**	**-**	**8,500,000**

(b) Transactions with other related parties

At 31 December 2019 the following balances were owing to associated companies or companies associated with directors as follows:

- Romford Consulting Pty Ltd, a company related to Mr Robert Kirtlan - $29,827 for
- $16,500 for directors fees and additional executive services; and
- $13,327 in expense reimbursements

Except for the above, there have been no other transactions with other related parties for the period ended 31 December 2019.

At 30 June 2019 the following balances were owing to associated companies or companies associated with directors as follows:

- ARK Securities & Investments Pty Ltd, a company related to Mr Robert Kirtlan - $11,000 for directors fees and additional executive services;

Except for the above, there have been no other transactions with other related parties for the year ended 30 June 2019.

8 Contingent liabilities and contingent assets

The Group had no contingent liabilities or contingent assets as at 31 December 2019 (30 June 2019: Nil)

9 Events occurring after the reporting period

There have been no other material items, transactions or events subsequent to 31 December 2019 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in this report.

10 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the group**	
		December 2019 %	June 2019 %
Vault Intelligence Limited	Australia	**-**	-
Subsidiaries of legal parent entity:			
NGB Industries Pty Ltd	Australia	**100**	100
Vault Software Technology (Shanghai) Limited	China	**100**	100
Ora Banda Gold Pty Ltd	Australia	**100**	100
Vault IQ SG PTE LTD	Singapore	**100**	100
Vault Asia Technology (HK) Limited	Hong Kong	**100**	-
Subsidiaries of NGB Industries Pty Ltd			
Vault IQ AU Pty Ltd	Australia	**100**	100
Vault IQ NZ Ltd	New Zealand	**100**	100
Platinum Safety Pty Ltd	Australia	**100**	100

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on the preceding pages are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Ross Jenkins
Director

27 February 2020

Independent auditor's review report to the members of Vault Intelligence Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Vault Intelligence Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vault Intelligence Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vault Intelligence Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
27 February 2020

4 CORPORATE DIRECTORY

Corporate Directory

Directors

David Moylan
Ross Jenkins
Robert Kirtlan
David Rose

Secretary

Graeme Smith

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Stock exchange listings

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VAULT