

### Major APAC distributor signed for Solo

Vault Intelligence Limited (VLT) is a safety technology company that drives the management of safety, risk and related compliance requirements for business. The products are sold by way of subscription (SaaS) resulting in recurring revenue. The company has been listed since June 2016 when it undertook a backdoor listing and raised \$4.3m at \$0.02/share. The company has reported FY18 revenue of \$3.0m on the back of achieving its forecast Contracted Annualised Recurring Revenue (CARR) of \$4m with total CARR of \$4.05m, up 76% year-on-year. Vault announced an operating loss of \$2.7m for FY18, in line with our forecasts. Our base case DCF valuation excluding Vault Solo is \$0.045/share; including Solo this rises to \$0.358/share. The company recently announced that it had signed a distribution agreement for the Asia Pacific with Singapore-based ACA Pacific Technologies, for Solo. This delivers Vault access to more than 3,000 channel partners in ACA's network. ACA will sell and distribute Solo across eight countries via its IT and telco partner projects. This agreement augments our base case DCF valuation for Vault including Solo.

#### Business model

Vault operates a subscription as a service (SaaS) model for its Environmental Health and Safety enterprise platform. Customers typically enter into a three-year contract which includes implementation and training and pay on a subscription basis with payments made monthly quarterly or annually. VLT has moved its products from desktop to mobile to an integrated version and, now, a wearables version. The wearables product, called Solo, is due to be rolled out in Asia Pacific on the new Samsung Galaxy e-sim enabled watches this month. Future development includes the integration of Artificial Intelligence (AI) and the Internet of Things (IoT).

#### Vault Solo rollout

Vault has joined forces with Samsung to launch Solo, its workforce ecosystem app designed with particular emphasis on lone workers, into the wearables market. Solo will be available on Samsung's latest e-sim enabled Galaxy watches which are due for sale in Asia-Pacific this month. ACA Pacific has a close alignment with Samsung, having jointly promoted Solo at the recent Government Technology Expo in Singapore. The agreement with ACA gives Vault access to a strong distribution network throughout APAC.

#### Valuation

We have used the discounted cashflow methodology to value Vault, arriving at a base case valuation of \$0.045/share excluding our forecasted cashflows from the Vault Solo product. Including Vault Solo, our base case DCF rises to \$0.358/share. Our valuation is generated from a WACC of 12.0%, terminal value 2.0% and a CAGR of free positive cashflows from 2020 of 34.7%, with most of this captured in the near term. In our view, demonstrated success with the Vault Solo product and continued growth in CARR should underpin VLT's share price performance. We have presented our forecasts both with and excluding Solo in Exhibit 1 and 2 on the following two pages. Note that our forecasts for Solo assume 150,000 users by 2025.

#### Historical earnings and RaaS Advisory estimates

Year end	Revenue (A\$m)	EBITDA reported (A\$m)	NPAT reported (A\$m)	EPS* (c)	P/E (x)	EV/EBITDA (x)
06/17	2.8	(3.1)	(3.5)	(0.56)	n.a.	n.a.
06/18	3.0	(2.6)	(2.7)	(0.34)	n.a.	n.a.
06/19e	6.8	(0.4)	(0.5)	(0.05)	n.a.	n.a.
06/20e	9.4	0.8	0.4	0.04	107.7	47.9

Source: Company data, RaaS Advisory Estimates for FY19e and FY20e exclude Solo

### Software services

2 October 2018

#### Share details

ASX Code	VLT
Share price	\$0.044
Market Capitalisation	\$45.3M
Shares on issue	1,030M
Net cash at 30 June 2018 (\$5m capital raise post balance)	\$2.2M
Free float	~60%

#### Share performance (12 months)



#### Upside Case

- High profile customers and high customer retention levels (~96%)
- Innovative Internet of Things (IoT) software
- Applicable to markets globally

#### Downside Case

- Enterprise range has a 3-12 month sales cycle, Solo range is one month
- New products, yet to be fully trialled in market
- Small, early stage company

#### Board of Directors

Evonne Collier	Independent Non Executive Chair
David Moylan	Managing Director/ CEO
Robert Kirtlan	Non-Executive Director
Ross Jenkins	Non-Executive Director
David Rose	Non-Executive Director


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**Exhibit 1: Financial Summary (Base Case excluding Vault Solo)**

Vault Intelligence Limited						Share price (2 October 2018)						A\$	0.044							
<b>Profit and Loss (A\$m)</b>						<b>Interim (A\$m)</b>						H 117A	H 217A	H 118F	H 218F	H 119F	H 219F			
Y/E 30 June	FY16A	FY17A	FY18F	FY19F	FY20F	Revenue	1.3	1.5	1.4	1.6	3.2	3.7	EBITDA	- 1.3	- 1.7	- 1.7	- 0.9	- 0.3	- 0.1	
Revenue	3.2	2.8	3.0	6.8	9.4	EBIT	- 1.5	- 1.9	- 1.9	- 1.1	- 0.5	- 0.3	NPAT (normalised)	- 1.6	- 1.9	- 1.9	- 0.9	- 0.3	- 0.1	
EBITDA	(0.4)	(3.1)	(2.6)	(0.4)	0.8	Minorities	-	-	-	-	-	-	NPAT (reported)	- 1.6	- 1.9	- 1.9	- 0.9	- 0.3	- 0.1	
Depn	(0.3)	(0.3)	(0.0)	(0.0)	(0.0)	EPS (normalised)	- 0.27	- 0.29	- 0.22	- 0.12	- 0.03	- 0.01	EPS (reported)	- 0.27	- 0.29	- 0.22	- 0.12	- 0.03	- 0.01	
Amort	0.0	0.0	(0.4)	(0.4)	(0.3)	Dividend (cps)	-	-	-	-	-	-	Imputation	30.0	30.0	30.0	30.0	30.0	30.0	
EBIT	(2.4)	(3.4)	(3.0)	(0.7)	0.5	Operating cash flow	- 1.6	- 1.2	- 1.6	- 1.1	- 0.4	0.0	Free Cash flow	- 1.5	- 1.2	- 1.6	- 1.1	- 0.3	0.1	
Interest	(0.1)	(0.0)	(0.0)	0.1	0.1	<b>Share price chart</b>														
Tax	0.0	(0.0)	0.0	0.2	(0.2)	Margins, Leverage, Returns	FY16A	FY17A	FY18F	FY19F	FY20F	EBITDA	-13.3%	-111.2%	-85.8%	-5.3%	8.5%			
Minorities	0.0	0.0	0.0	0.0	0.0	EBIT	-75.9%	-123.9%	-99.1%	-10.9%	5.0%	NPAT pre significant items	-78.9%	-126.2%	-90.0%	-6.8%	4.5%			
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Net Debt (Cash)	3.2	1.2	2.0	6.6	7.3	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	9.159		
NPAT pre significant items	(2.5)	(3.5)	(2.7)	(0.5)	0.4	ND/ND+Equity (%)	(%)	-484.9%	-164.9%	-145.1%	-491.8%	-675.2%	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	0.3	
Significant items	0.0	0.0	0.0	0.0	0.0	ROA	-39.4%	-71.1%	-67.7%	-9.9%	4.6%	ROE	-77%	-135%	-103%	-8%	5%			
<b>NPAT (reported)</b>	<b>(2.5)</b>	<b>(3.5)</b>	<b>(2.7)</b>	<b>(0.5)</b>	<b>0.4</b>	ROIC	-7298%	-409%	256%	-626%	-91%	NTA (per share)	0.14	0.00	0.00	0.01	0.01			
<b>Cash flow (A\$m)</b>	<b>FY16A</b>	<b>FY17A</b>	<b>FY18F</b>	<b>FY19F</b>	<b>FY20F</b>	Working capital	-	0.4	- 0.1	0.2	- 0.1	- 0.0	WC/Sales (%)	-12%	-4%	6%	-2%	0%		
Y/E 30 June	FY16A	FY17A	FY18F	FY19F	FY20F	Revenue growth	-	-	-	13%	10%	126%	37%	EBIT growth pa	n/a	n/a	n/a	n/a	-163%	
Receipts less exp	(0.4)	(3.1)	(3.0)	(0.7)	0.7	Pricing	FY16A	FY17A	FY18F	FY19F	FY20F	No of shares (y/e)	(m)	14	695	1,030	1,030	1,030		
Interest	(0.1)	(0.0)	0.0	0.1	0.1	Weighted Av Dil Shares	(m)	-	-	860	1,030	1,030	EPS Reported	cps	-	0.97	- 0.56	- 0.34	- 0.05	0.04
Tax	0.0	0.0	0.0	0.0	(0.2)	EPS Normalised/Diluted	cps	-	0.97	- 0.56	- 0.34	- 0.05	0.04	EPS growth (norm/dil)	-	n/a	n/a	n/a	-186%	
Working capital changes	0.5	0.3	0.3	0.3	0.1	DPS	cps	-	-	-	-	-	-	DPS Growth	n/a	n/a	n/a	n/a	n/a	
Operating cash flow	(0.0)	(2.8)	(2.7)	(0.4)	0.8	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Dividend imputation	30	30	30	30	30	
Mtce capex	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	PE (x)	-	-	-	-	-	107.7	PE market	15.2	15.2	15.2	15.2			
Free cash flow	(0.1)	(2.9)	(2.8)	(0.5)	0.7	Premium/(discount)	-	-	-	-	-	-	-	EV/EBITDA	6.1	- 9.6	- 14.3	- 51.8	52.8	
Growth capex	0.0	0.0	(0.0)	(0.0)	(0.0)	EV/Share	cps	0.5	-0.4	-0.3	0.0	0.1	Price/FCF share	9	- 11	- 17	- 161	51.1		
Acquisitions/Disposals	(0.4)	(0.5)	(0.5)	0.0	0.0	Free Cash flow Yield	10.9%	-8.8%	-6.0%	-0.6%	2.0%									
Other	0.0	0.0	0.0	0.0	0.0															
Cash flow pre financing	(0.5)	(3.4)	(3.3)	(0.5)	0.7															
Equity	4.2	1.5	4.2	5.0	0.0															
Debt	0.5	(0.6)	0.0	0.0	0.0															
Dividends paid	0.0	0.0	0.0	0.0	0.0															
Net cash flow for year	4.1	(2.5)	0.9	4.5	0.7															
<b>Balance sheet (A\$m)</b>	<b>FY16A</b>	<b>FY17A</b>	<b>FY18F</b>	<b>FY19F</b>	<b>FY20F</b>															
Y/E 30 June	FY16A	FY17A	FY18F	FY19F	FY20F															
Cash	4.2	1.4	2.2	6.7	7.3															
Accounts receivable	0.4	0.3	0.6	0.6	0.8															
Inventory	0.0	0.0	0.0	0.0	0.0															
Other current assets	0.0	0.0	0.0	0.0	0.0															
Total current assets	4.7	1.7	2.8	7.2	8.2															
PPE	0.1	0.2	0.2	0.3	0.4															
Intangibles	1.3	1.2	1.9	1.5	1.2															
Investments	0.0	0.0	0.4	0.4	0.4															
Deferred tax asset	0.0	0.0	0.0	0.2	0.2															
Loan receivables	0.0	0.5	0.0	0.0	0.0															
Total non current assets	1.4	1.8	2.6	2.5	2.3															
<b>Total Assets</b>	<b>6.1</b>	<b>3.5</b>	<b>5.4</b>	<b>9.8</b>	<b>10.5</b>															
Accounts payable	0.9	0.4	0.4	0.7	0.8															
Short term debt	0.9	0.2	0.1	0.1	0.1															
Tax payable	0.1	0.0	0.0	0.0	0.0															
Other current liabilities	0.9	1.0	1.4	1.0	1.1															
Total current liabilities	2.8	1.6	1.9	1.7	2.0															
Long term debt	0.0	0.0	0.1	0.0	0.0															
Other non current liabs	0.0	0.0	0.0	0.0	0.0															
Total long term liabilities	0.0	0.0	0.1	0.0	0.0															
<b>Total Liabilities</b>	<b>2.8</b>	<b>1.6</b>	<b>2.0</b>	<b>1.7</b>	<b>2.0</b>															
<b>Net Assets</b>	<b>3.3</b>	<b>1.9</b>	<b>3.4</b>	<b>8.0</b>	<b>8.5</b>															
Share capital	12.2	13.7	17.9	22.9	22.9															
Accumulated profits/losses	(9.0)	(12.5)	(15.2)	(15.7)	(15.2)															
Reserves	0.1	0.7	0.7	0.7	0.7															
Minorities	0.0	0.0	0.0	0.0	0.0															
<b>Total Shareholder fund:</b>	<b>3.3</b>	<b>1.9</b>	<b>3.4</b>	<b>7.9</b>	<b>8.4</b>															

Source: RaaS estimates





# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 11<sup>th</sup> May 2017**



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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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