

28 February 2019

ASX Companies Announcements Office

Vault Delivers Strong Development and Growth In Half Year Results

Vault Intelligence Limited (**ASX:VLT**) (**Vault, the Company**), a leading SaaS business delivering solutions in the Risk, Environment, Health and Safety (EHS) sector today released its results for the six month period ended 31 December 2018.

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 2018. Throughout the report, the Consolidated entity is referred to as the Company or Group.

Directors and Company Secretary

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

- David Moylan
- Robert Kirtlan
- David Rose
- Evonne Collier (appointed 13 July 2018)
- Ross Jenkins (appointed 13 July 2018)

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

Principal Activities

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

Review of Operations

The first six months of the 2018-19 financial year has been a strong continuation of the development and growth of Vault. During this period, the Company:

- Achieved record new contracted Annualised Recurring Revenue Sales (ARR) for the period
- Recorded cash receipts of approximately \$2.0M
- Completed a successful \$5M capital raising (before costs)
- Significantly increased sales pipe and opportunities



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- Launched the new Solo App for mobile phones and the Solo App on the Samsung Galaxy watch, a global first
- Continued the enhancement of existing Apps and development of the small business App suite
- Launched the localised China version of Vault Enterprise
- Signed a major distribution agreement in Singapore which is poised to deliver strong results
- Continued to add additional sales, technical and support personnel

The Company is pleased with its development progress particularly the Vault Solo App which is a global wearable first and is attracting significant market interest. The Company has also completed the Enterprise V3 upgrade. This process has taken some time and affected sales however, the platform is now working to specification and is being rolled out.

Major appointments have been made including David Rose, a non-executive director since 2017, who has taken the role of Chief Operating Officer. David has a strong background in IT operations and brings a wealth of experience and new skills to the role. The development team has been very impressive in the development of the Solo App on the Galaxy watch and its growing capabilities.

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 genuine disruptive product within the risk EHS sector and interest in the product has tested the Company's resources and skill set. The recent capital raising has assisted in ensuring delivery by adding personnel specific to the Solo product and also across the other Vault products.

Technology Development

The Company commenced work on a new User Interface/User Experience (UI/UX) refresh of the existing Vault 2 (V2) Enterprise Platform in 2017. It soon became apparent during this process the Company should also look at creating new workflows and other enhancements which meant the project soon became a major revamp of V2 and has recently been launched as V3. As a consequence, the V3 launch was pushed from an initial FYQ2 2017 launch to early 2018 launch which in turn has pushed through to the current half year. This caused a delay on delivery to a number of customers who wanted V3 product and some sales were cancelled. The upgraded V3 system is now working well and is being rolled out to new and existing customers with the second quarter of 2018-2019 setting a record for new sales.

Elsewhere technically, the Company has continued the development and enhancement of new Apps. Of significance is the launch of the Solo App for the phone and the Solo App on the Samsung Galaxy watch, a first for the EHS and risk sector. The Solo App in both forms is attracting significant interest and the Company has high expectations for its effect on future sales growth.

China and South-East Asia

The Company continued with its constrained capital approach to the China launch adding one senior and experienced IT Shenzhen based professional to work with its Shanghai based commercial manager. The Company completed conversion of the Enterprise Platform to Chinese and quality assurance was completed late in the calendar year. The product is now being demonstrated to various groups and product trials will ramp up in March 2019. The China risk and EHS sector remains in its infancy and the Company is encouraged by the interest shown in the Checklist App and now the Enterprise product.



The Company has added new enhancements to the Chinese Checklist product and achieved a contracted sale in Q2 to a power station.

In Singapore the Company has appointed major distribution group, ACA Pacific Technologies, to sell Solo and other product. ACA has 3,000 resellers in the SE Asia and Aust/NZ region. Solo trials are underway and more are planned. The Company is excited with progress of the Solo product out of Singapore and expects sales generation in the third quarter.

Customer Success Programs

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.

Corporate

Capital Raise

The Company conducted a successful capital raising that concluded in October 2018 which was well supported by institutional and sophisticated high net worth investors. The Company issued 166,666,667 new shares at \$0.03 per to raise approximately \$5.0 million before costs.

Consolidation

Shareholders voted for consolidation of the share capital of the Company on a one share for every ten shares held basis.

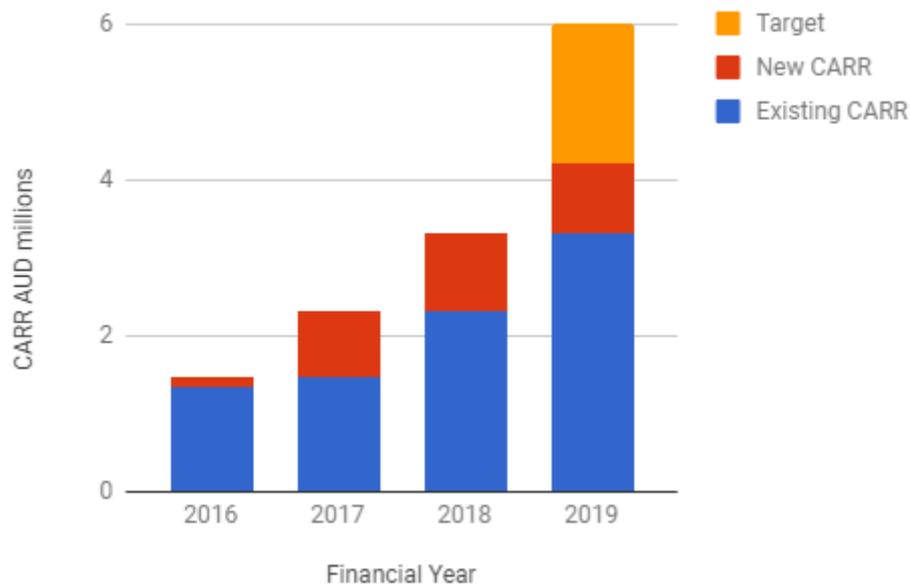
Options Issues

Options were issued as outlined in the detailed Interim Report, 31 December 2018.

Financial Results

The Company is pleased to advise record new contracted ARR for the first six months as per the Chart below. The Company is on track to meet its ARR projections for the full financial year of \$6m contracted ARR, noting that this is contingent on winning 2-3 enterprise deals. With the **V3** platform now being rolled out to Q1 and Q2 customer signings, the sales team can now refocus on the many advanced sales prospects for the new system.





The Company generated a loss of \$2.31M which is 23% higher than the prior year, whilst recorded revenue was up 19% at \$1.68M. Higher than normal costs were incurred particularly in Q2, with significant technology expenses incurred through payment in advance for the full year to reduce overall costs. The Group has also lodged R&D, Tax and Grant claims with the Australian and New Zealand Governments, which will result in cash receipts in excess of \$800k in Q3/Q4.

Increased costs and cash impacts in Q1 and Q2 are in general constituted by the following factors:

- Prepayment of annual software licenses in Q1 and Q2
- The Company has continued to expand its operations in Australia through building a sales, marketing and development team resulting in an increase in employment costs
- Expansion into China and South-East Asia has led to costs not currently matching revenue as product for these markets is developed, enhanced and marketed
- Administration costs continued to increase as items such as new tech and support hires, travel expenses, office premises and similar costs associated with an expanding business impacted the bottom line
- Accelerated Go-To-Market plans and positioning for Vault Solo from a global perspective
- Accelerated Technical Development of Solo to increase capabilities and disruption potential of the Solo Product

Ends.

For more information please contact:

Evy Litopoulos
 +61 419 773 505
evy@vaultintel.com



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 1,000,000+ people across 30 industries.

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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