

22 July 2020

Vault Intelligence Limited June 2020 Quarterly Report and Appendix 4C

Damstra Propose to Acquire Vault as Customer Receipts Increase 55% on the Previous Quarter's Record Level

Vault Intelligence Limited (**ASX:VLT**) (**Vault or the Company**) is pleased to provide its quarterly report for the period 1 April 2020 to 30 June 2020.

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

- ✓ **Damstra (ASX:DTC) proposal to acquire 100%** of the issued capital of **Vault by way of scrip**, through a Scheme of Arrangement (SOA), which has been **unanimously recommended by the Vault Board** as per ASX Release dated 8 July 2020.
- ✓ **Record Cash Receipts** achieved for the Quarter with **Total Cash Receipts of \$2.158m**, up **50% on the previous quarter**. Contributing to the record cash receipts was **\$1.82m from Customer Receipts**, up **55% on the previous quarter**. During the quarter, debtor days have remained at consistent levels.
- ✓ **Strong cash receipts** combined with **tighter expenditure** resulted in a **positive operating cash flow for the quarter of ~\$160k**, representing **+\$1m improvement** on FY20 Q3.

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- ✓ Current unaudited Total **Revenue at the end of FY20 was \$4.7m**. Vault is **accelerating its Revenue** through the execution of existing contracts and is **forecasting \$8m revenue for FY21, an increase of 70%**.
 - ✓ **Vault Solo range is extending** to include an iOS version for the **Apple watch** (early Q1) and an **Android version for low-cost wearables** (developed and in customer trials now). Solo will be deployable on wearables using iOS, Android and Tizen operating systems, broadening customer device choice and adding lower cost options whilst maintaining all features coupled with **rapid global deployment capability**.

Proposed Acquisition of Vault

Damstra is proposing to acquire **100% of the issued capital of Vault by way of a SOA**, unanimously recommended by the Vault Board.

Deal Terms

- All calculations were based on Damstra's (ASX: DTC) share price of \$1.345 and a Vault share price of \$0.34 at the market close on 6 July 2020.
- The Offer valued Vault at an implied **\$0.464 per share**, a 36.5% premium to the Vault closing price.
- The Scheme Consideration **valued Vault's issued ordinary shares** at approximately **\$58.8m**.
- Vault shareholders will receive **one Damstra share for every 2.9 Vault shares** held at the completion of the SOA.

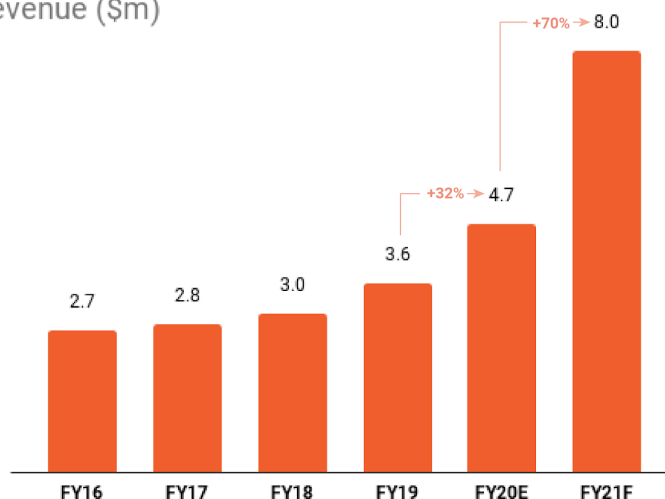
Results and Revenue Forecast

Vault Intelligence has unaudited FY20 Total revenue of approximately \$4.7m which represents a 30% improvement Year-on-Year. The unaudited revenue for **FY20 Q4 was the strongest quarter that Vault has ever recorded**, even amongst COVID-19 business uncertainty.

Vault Intelligence has provided FY21 **guidance to the market of \$8m in Total revenue**, growth of **70%**.

Whilst revenue growth is strong, many of the major contracts signed through FY20 will **deliver significant revenue streams in FY21**.

Revenue (\$m)



Operational Achievements (refer ASX Release 13 July 2020)

- **M1, one of the prominent Telcos in Singapore** upscales subscriptions from 1,000 to 7,500 Solo licenses on wearable devices.
- **MePACS in Australia** has successfully launched Solo into the business-to-consumer (B2C) market for aged care. Following the **initial order, continued demand** is driving new orders as MePACS launches a multi-media campaign with the MePACS Solo watch, **designed specifically for aged care**.
- **Vodafone NZ**, as a contracted Vault reseller partner, is **targeting their top 200 clients** across New Zealand for Solo sales with a go-to-market campaign to be delivered in FY21 Q1.
- Vault partner **Vita Group signs up Aruma** with Vault Solo to protect carers in **disability care** after a successful extended trial.
- **ADT and SurePlan** are experiencing **significant pipeline growth** across Australia and New Zealand, with **customer contracts expected in FY21 Q1**.
- **Restaurant Brands Limited** has committed to an additional **70 stores in California, USA** to be deployed in **FY21 Q1**. This will take the total number of Restaurant Brands locations where Vault products are **deployed to over 350 stores**.
- **Extended and/or signed new agreements with over 30 customers in the quarter** including but not restricted to; NZ Post, Visy Recycling, HirePool, Sorbent, Asaleo Care, DB Breweries and multiple councils across NZ & Australia.

Corporate Financial Notes

The Company retains a solid cash position at the end of FY20 with ~\$3.1m cash available to execute its growth initiatives through FY21.

Vault had a positive operating cash flow result of ~\$160k, which was a \$1m+ improvement on the previous quarter. Management continues to focus on significantly improving the cash

position through removing discretionary spend, driving up-front customer payments and executing against committed contracts.

Debtor days have remained consistent as with previous months of FY20, which is a pleasing result given the current economic situation and customers seeing Vault as a critical component of business continuity plans, given COVID-19.

Vault's Appendix 4C includes amounts in item 6.1. These amounts represent payments of executive and non-executive director fees paid as salaries and wages or as consulting fees to entities nominated by relevant directors in accordance with agreed contracts.

This Announcement was authorised by the Board of Vault Intelligence Limited.

Ends.

For More Information:

Investor Relations

Simon Hinsley

simon@nwrcommunications.com.au

+61 401 809 653



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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Vault Intelligence Ltd

ABN

15 145 040 857

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,822	5,179
1.2 Payments for			
(a) research and development		(98)	(233)
(b) product manufacturing and operating costs		(211)	(793)
(c) advertising and marketing		(54)	(626)
(d) leased assets		(4)	(15)
(e) staff costs		(1,149)	(5,610)
(f) administration and corporate costs		(478)	(2,788)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		1	12
1.5 Interest and other costs of finance paid		(2)	(14)
1.6 Income taxes paid		-	(2)
1.7 Government grants and tax incentives		336	1,144
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		163	(3,746)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities			
(b) businesses			
(c) property, plant and equipment		(30)	(128)
(d) investments			
(e) intellectual property		(833)	(2,853)

	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments	11	11
	(e) intellectual property		
	(f) 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	(852)	(2,970)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		7,524
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(378)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(2)	(12)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(2)	7,134

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,864	2,781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	163	(3,746)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(852)	(2,970)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	7,134

4.5	Effect of movement in exchange rates on cash held	(40)	(66)
4.6	Cash and cash equivalents at end of period	3,133	3,133

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	3,044	3,772
5.2	Call deposits	89	92
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)	3,133	3,864

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

180

Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

*Note: the term "facility" includes all forms of financing arrangements available to the entity.
Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	163
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,133
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,133
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 22 July 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow 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 cash flow 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.
- 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.