

### SurePlan contract firms FY20 CARR to \$11m

Vault Intelligence Limited (ASX:VLT) is a Software as a Service (SaaS) technology company providing businesses a leading platform to manage Environmental, Health and Safety (EHS) risks and compliance requirements and a People Monitoring platform that delivers real time safety solutions and enhanced operating productivity. The products are sold by way of subscription (SaaS) resulting in recurring revenues. Vault has announced that it has secured a five-year, \$12.4m contract for Solo Drive with fleet risk management company SurePlan New Zealand. The minimum Total Contract Value (TCV) is \$12.4m with a minimum Contracted Annual Recurring Revenue (CARR) of \$2.49m. Vault announced following this contract, it had now exceeded its FY20 guidance for \$10m CARR, with current CARR of \$11m for the year. In the past four months, Vault has written contracts worth more than \$26m for Solo which will underpin revenues for the next five years. Given our current forecast for FY20 CARR is \$11m, we see potential earnings upside from this contract. Our base case DCF valuation is \$1.10/share.

### Business model

Vault operates a subscription as a service (SaaS) model for its Environmental Health and Safety enterprise platform Vault 3 and for its wearables technology Vault Solo. EHS 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. Solo is sold on a subscription basis via telcos. Over the past two years, VLT has moved its products from desktop to mobile to an integrated version and, now, a wearables version. Solo Drive is the latest iteration of the Solo platform and is focussed on individual driving behaviour, providing critical data to individuals to manage their own performance and to businesses to assist in education and management.

### SurePlan NZ deal

The SurePlan contract is the second contract secured for Solo in the past four weeks and follows closely on five year \$6.8m contract with ADT Security New Zealand. These contracts are demonstrating a shorter sales cycle for Solo and are over a longer period than the traditional three-year enterprise deals struck for Vault 3. SurePlan noted that SoloDrive would provide its fleet drivers with the tools to lift their driving performance.

### Valuation of \$1.10/share

Our base case valuation is \$1.10/share and includes CARR for FY20 of \$11m. Our valuation is generated from a WACC of 14.0%, terminal value 2.2% and a CAGR of free positive cashflows from 2023 to 2029 of 32%. The terminal value makes up 64% of the valuation. Given the company is now sitting at \$11m CARR with seven months to go this financial year, we see potential upside in our forecasts. Significantly, these latest Solo contracts are providing longevity to and greater surety to the recurring revenues pool for the company. In our view, continued demonstrated success with Vault Solo and demonstrated growth in CARR should underpin VLT's share price performance.

#### Historical earnings and RaaS Advisory estimates

Year end	CARR (A\$m)	Revenue (A\$m)	EBITDA reported	NPAT reported	EPS* (c)	P/E (x)	EV/Sales (x)
06/19	6.0	4.3	(3.9)	(4.8)	(4.67)	n.a.	9.5
06/20e	11.0	6.9	(3.7)	(4.1)	(3.36)	n.a.	7.3
06/21e	19.0	11.8	0.5	(1.1)	(0.86)	n.a.	4.4
06//22e	29.6	18.6	6.0	4.4	3.26	12.9	2.6

Source: Company data, RaaS Advisory Estimates for FY20e, FY21e and FY22e

### Software services

28<sup>th</sup> November 2019

#### Share details

ASX Code	VLT
Share price	\$0.42
Market Capitalisation	\$53.7M
Shares on issue	128M
Net cash post raise	~\$8.0M
Free float	~60%

#### Share performance (12 months)



#### Upside Case

- High profile customers and high customer retention levels (~96% overall and 99.5% on Vault 3)
- 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 trialed in market
- Small, early stage company

#### Board of Directors

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

#### Company contact

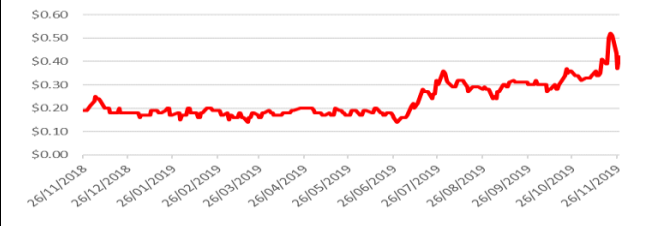
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### Exhibit 1: Financial Summary

Vault Intelligence Limited						Share price (27 November 2019)						A\$	0.42	
<b>Profit and Loss (A\$m)</b>						<b>Interim (A\$m)</b>								
<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>	<b>Contracted Annual Recurring Revenue</b>	<b>H119A</b>	<b>H219A</b>	<b>H120F</b>	<b>H220F</b>	<b>H121F</b>	<b>H221F</b>		
<b>Contracted Annual Recurring Revenue</b>	3.3	6.0	11.0	19.0	29.6	4.2	6.0	8.4	11.0	14.8	19.0			
Software Revenue	2.5	3.1	5.6	11.3	18.1	Software Revenue	1.5	1.6	2.4	3.2	5.1	6.2		
Other revenue (inc R&D grants)	0.8	1.2	1.3	0.5	0.5	Other revenue (inc R&D grants)	0.1	1.1	1.1	0.2	0.2	0.2		
<b>Total Revenue</b>	<b>3.3</b>	<b>4.3</b>	<b>6.9</b>	<b>11.8</b>	<b>18.6</b>	<b>Total Revenue</b>	<b>1.7</b>	<b>2.7</b>	<b>3.4</b>	<b>3.5</b>	<b>5.3</b>	<b>6.5</b>		
EBITDA	(2.3)	(3.9)	(3.7)	0.5	6.0	EBITDA	(2.0)	(1.8)	(1.9)	(1.7)	(0.2)	0.7		
Depn	(0.0)	(0.3)	(0.0)	(0.1)	(0.1)	EBIT	(2.4)	(2.3)	(2.6)	(2.4)	(1.0)	(0.2)		
Amort	(0.4)	(0.5)	(1.3)	(1.6)	(1.7)	NPAT (normalised)	(2.4)	(2.3)	(1.8)	(2.3)	(1.0)	(0.2)		
<b>EBIT</b>	<b>(2.7)</b>	<b>(4.8)</b>	<b>(5.0)</b>	<b>(1.2)</b>	<b>4.2</b>	Minorities	0.0	0.0	0.0	0.0	0.0	0.0		
Interest	(0.0)	0.0	0.0	0.0	0.0	NPAT (reported)	(2.4)	(2.3)	(1.8)	(2.3)	(1.0)	(0.2)		
Tax	0.0	0.0	0.0	0.0	0.2	EPS (normalised)	(2.4)	(2.3)	(1.5)	(1.8)	(0.7)	(0.1)		
Minorities	0.0	0.0	0.0	0.0	0.0	EPS (reported)	(2.4)	(2.3)	(1.5)	(1.8)	(0.7)	(0.1)		
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Dividend (cps)	0.0	0.0	0.0	0.0	0.0	0.0		
NPAT pre significant items	(2.7)	(4.8)	(5.0)	(1.1)	4.4	Imputation	30.0	30.0	30.0	30.0	30.0	30.0		
Significant items	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(2.4)	(0.5)	(1.3)	(1.2)	(0.2)	1.4		
<b>NPAT (reported)</b>	<b>(2.7)</b>	<b>(4.8)</b>	<b>(4.1)</b>	<b>(1.1)</b>	<b>4.4</b>	Free Cash flow	(2.4)	1.0	0.4	0.4	1.0	2.6		
<b>Cash flow (A\$m)</b>						<b>Share price chart (12 months)</b>								
<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>									
Receipts less exp	(3.0)	(3.7)	(2.9)	1.0	7.0	Margins, Leverage, Returns	<b>FY18A</b>	<b>FY19A</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>			
Interest	0.0	0.0	0.0	0.0	0.0	EBITDA	(68.6%)	(90.6%)	(53.2%)	3.9%	32.2%			
Tax	0.0	0.0	0.0	0.0	(0.8)	EBIT	(80.7%)	(109.9%)	(72.3%)	(9.9%)	22.6%			
Working capital changes	0.3	0.8	0.4	0.1	0.0	NPAT pre significant items	(80.9%)	(109.9%)	(72.8%)	(9.6%)	23.6%			
Operating cash flow	(2.7)	(3.0)	(2.5)	1.2	6.2	Net Debt (Cash)	2.0	2.2	3.4	4.6	8.3			
Mtce capex	(0.0)	(0.1)	(0.3)	(0.4)	(0.4)	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	9.984	1.388		
Free cash flow	(2.8)	(3.0)	(2.8)	0.8	5.7	ND/ND+Equity (%)	(%)	(145.1%)	(168.7%)	(99.7%)	(124.4%)	(190.5%)		
Growth capex	(0.0)	(1.5)	(3.0)	(2.0)	(2.0)	EBIT interest cover (x)	(x)	n/a	n/a	n/a	-	0.0		
Acquisitions/Disposals	(0.5)	0.1	0.0	0.0	0.0	ROA	(60.1%)	(79.3%)	(57.9%)	(9.7%)	24.9%			
Other	0.0	0.0	0.0	0.0	0.0	ROE	(100.2%)	(137.5%)	(78.8%)	(14.9%)	42.0%			
Cash flow pre financing	(3.3)	(4.4)	(5.8)	(1.2)	3.7	ROIC	nm	nm	(526.0%)	(150.1%)	920.3%			
Equity	4.2	5.0	7.1	2.4	0.0	NTA (per share)	0.02	0.01	0.02	0.02	0.05			
Debt	0.0	0.0	0.0	0.0	0.0	Working capital	0.2	-	0.5	1.0	2.1	3.3		
Dividends paid	0.0	0.0	0.0	0.0	0.0	WC/Sales (%)	5.8%	(11.2%)	15.0%	17.7%	17.7%			
Net cash flow for year	0.9	0.6	1.3	1.1	3.7	Revenue growth	19.8%	31.3%	59.1%	70.8%	58.0%			
<b>Balance sheet (A\$m)</b>						<b>EBIT growth pa</b>								
<b>Y/E 30 June</b>	<b>FY18A</b>	<b>FY19A</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>	n/a	n/a	n/a	n/a	n/a	(460.7%)			
Cash	2.2	2.4	3.7	4.8	8.5	Pricing	<b>FY18A</b>	<b>FY19A</b>	<b>FY20F</b>	<b>FY21F</b>	<b>FY22F</b>			
Accounts receivable	0.6	0.6	1.2	2.3	3.5	No of shares (y/e)	(m)	99	103	128	135	135		
Inventory	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	96	99	128	135	135		
Other current assets	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(3.40)	(4.67)	(3.36)	(0.86)	3.26		
<b>Total current assets</b>	<b>2.8</b>	<b>3.0</b>	<b>4.9</b>	<b>7.1</b>	<b>12.0</b>	EPS Normalised/Diluted	cps	(3.40)	(4.67)	(3.36)	(0.86)	3.26		
PPE	0.2	0.2	0.5	0.9	1.2	EPS growth (norm/dil)	n/a	n/a	n/a	n/a	n/a	(479.6%)		
Intangibles	1.9	2.9	4.6	5.1	5.4	DPS	cps	-	-	-	-	-		
Investments	0.4	0.5	0.5	0.5	0.5	DPS Growth	n/a	n/a	n/a	n/a	n/a	n/a		
Deferred tax asset	0.0	0.0	0.0	0.0	1.0	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%			
Other NC assets	0.0	0.1	0.1	0.1	0.1	Dividend imputation	30	30	30	30	30			
<b>Total non current assets</b>	<b>2.6</b>	<b>3.6</b>	<b>5.6</b>	<b>6.4</b>	<b>8.1</b>	PE (x)	-	-	-	-	-	12.9		
<b>Total Assets</b>	<b>5.4</b>	<b>6.7</b>	<b>10.6</b>	<b>13.5</b>	<b>20.1</b>	PE market	15.2	15.2	15.2	15.2	15.2	15.2		
Accounts payable	0.4	1.1	0.2	0.2	0.2	Premium/(discount)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(15.2%)			
Short term debt	0.1	0.1	0.1	0.1	0.1	EV/EBITDA	(13.1)	(11.0)	(17.2)	51.8	6.9			
Tax payable	0.0	0.0	0.0	0.0	0.0	FCF/Share	cps	(2.7)	(2.8)	(1.7)	1.2	4.9		
Other CL inc deferred revenue	1.4	1.8	3.2	4.8	7.0	Price/FCF share	-	15	15	24.9	35.9	8.6		
<b>Total current liabilities</b>	<b>1.9</b>	<b>3.0</b>	<b>3.5</b>	<b>5.2</b>	<b>7.4</b>	Free Cash flow Yield	(6.5%)	(6.6%)	(4.0%)	2.8%	11.7%			
Long term debt	0.1	0.1	0.1	0.1	0.1									
Other non current liabs	0.0	0.0	0.0	0.0	0.0									
<b>Total long term liabilities</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>									
<b>Total Liabilities</b>	<b>2.0</b>	<b>3.1</b>	<b>3.6</b>	<b>5.3</b>	<b>7.5</b>									
<b>Net Assets</b>	<b>3.4</b>	<b>3.5</b>	<b>6.9</b>	<b>8.3</b>	<b>12.7</b>									
Share capital	17.9	22.7	30.2	32.7	32.7									
Accumulated profits/losses	(15.2)	(19.8)	(23.9)	(25.1)	(20.7)									
Reserves	0.7	0.7	0.7	0.7	0.7									
Minorities	0.0	0.0	0.0	0.0	0.0									
<b>Total Shareholder funds</b>	<b>3.4</b>	<b>3.5</b>	<b>6.9</b>	<b>8.3</b>	<b>12.7</b>									

Source: RaaS Advisory



# 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: 26<sup>th</sup> November 2018



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

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