Vault Intelligence Limited

Positional paper

Software services

16 August 2018

Smart technology for safer workplaces

Vault Intelligence Limited (VLT.ASX) 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. At Q318, Vault had 407 customers in 32 industry sectors covering more than one million workers. The company has achieved its forecast Contracted Annualised Recurring Revenue (CARR) for FY18 of $4m with total CARR of $4.05m, up 76% year-on-year. Vault also has a collaborative agreement with Samsung to install its lone worker monitoring software Vault Solo on the soon to be released e-Sim enabled Samsung Galaxy watch. This could be a game changer for Vault with its technology set to be made available globally by the tech giant and telco channels. Our base case DCF valuation excluding Vault Solo is $0.047/share; including Solo this rises to $0.41/share.

Scope

This report has been commissioned by Vault Intelligence Ltd to present investors with an explanation of the business model and to explore the value created from a range of possible outcomes.

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. Future development includes the integration of Artificial Intelligence (AI) and the Internet of Things (IoT).

Q4 performance

Vault has reported Q4 new contracted annualised recurring revenues of $512,200 up 14% on Q3 and delivering on the company's forecast for $4m CARR for FY18. Total cash receipts for the quarter reached $1.02m, the first time quarterly cash receipts have breached $1m. Annual cash receipts reached $3.75m with H2 cash receipts (including an R&D tax incentive) increasing 24% on H1. Vault reported pre-sales interest for Vault Solo is gaining momentum with new and existing customers committing to trials and purchase and that this is expected to accelerate in FY19.

Valuation

We have used the discounted cashflow methodology to value Vault, arriving at a base case valuation of $0.047/share excluding our forecasted cashflows from the Vault Solo product. Including Vault Solo, our base case DCF rises to $0.416/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 37.9%, with most of this captured in the near term. Using a reverse DCF, the current share price of $0.021/share implies a 10-year CAGR in free cashflows of 4.8%, well below CAGR forecasts for the sector. In our view, demonstrated success with the Vault Solo product and continued growth in CARR should underpin VLT's share price performance.

Historical earnings and RaaS Advisory estimates

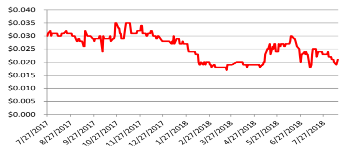
Year end	Revenue (A$m)	EBITDA reported (A$m)	NPAT reported (A$m)	EPS* (c)	P/E (x)	EV/EBITDA (x)
06/17	2.2	(3.1)	(3.5)	(0.56)	n.a.	n.a.
06/18e	3.2	(2.6)	(2.7)	(0.31)	n.a.	n.a.
06/19e	6.2	(0.9)	(0.8)	(0.10)	n.a.	n.a.
06/20e	9.4	0.8	0.4	0.04	49.1	21.1

Source: Company data, RaaS Advisory Estimates for FY18e, FY19e and FY20e

Share details

ASX Code	VLT
Share price	$0.021
Market Capitalisation	$18.14M
Shares on issue	849.3M
Net cash at 30 June 2018	$2.5M
Free float	21.8%

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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Vault Intelligence Limited

Vault started life in 2007 as an EHS consultancy. In 2011 it began to develop software products that improve the management of safety, risk and related compliance requirements for business. The products are sold by way of subscription (SaaS) resulting in recurring revenue. It listed on the ASX in 2016 after backdoor listing though Credo Resources Ltd and has raised a total of $10.3m (before costs) from three capital raises, one at IPO ($4.3m at $0.02 per share), a second raising ($1.5m at $0.03 per share) at April 2017 and a subsequent raising ($4.5m at $0.027 per share) in October 2017. Vault operates an open platform to enable the easy flow of information to and from third parties. The current cost base (based on Q418) is $6m pa and our estimate of ARR of $6m for FY19 results in estimated cash deficit for FY19 of $0.9m. FY20 is expected to be the first year to record a cash surplus. We have undertaken a base case DCF valuation both including and excluding the forecasted cashflows from the Vault Solo Lone Worker software, which we view as a potential game changer for the business. This delivers a base case DCF of $0.047/share excluding Solo. If we include estimates for the rollout of Vault Solo, our base case DCF valuation rises to $0.416/share. The current share price is not factoring in Vault Solo and is reflecting a lower than sector growth trajectory.

Investment case

In our view, Vault Intelligence Limited has the opportunity to achieve success for the following reasons:

- CAGR in revenue over past five years of 33% comprising the 66% for 2013 to 2015 and 14.7% for the next three years to 2018
- An expected CAGR of 33% in revenue from 2018 to 2023 following the employment of an experienced sales force
- VLT has an affordable SaaS product that provides an end to end EHS solution at the enterprise and individual level that fills a gap in the market
- The company has partnered with Korean tech giant Samsung in its Enterprise Alliance Program for several years and through that has validated its Vault Solo system both for Samsung's smartphones and the new e-Sim enabled Galaxy watch
- Vault has a collaborative agreement with Samsung to offer Vault Solo on the soon to be released e-Sim enabled Samsung Galaxy watches initially in the Australian and New Zealand markets
- Third party industry research estimates the EHS sector will grow at a CAGR of greater than 10% to 2022 and that the smart wearables market will grow at a CAGR of 17.9%
- There is demonstrated demand – more than 400 customers with a total of more than 1m employees on the platform at 31 March 2018
- Prior to IPO a three-year track record of strong revenue growth and profitable operations
- Our forecasts show cash positive operations by FY20, negating the need to raise capital under the current business plan
- The business is scalable with opportunities for growth outside the Australian and NZ markets
- Fully developed suite of products
- Management with established credibility in EHS, building on more than a decade in EHS consulting

DCF Valuation at $0.047/share (market capitalisation of $40.7m)

We have considered the following valuation methods:

- Discounted cash flow
- Comparative company analysis using revenue multiples
- Application of the 'Golden Rule" as a way of analysing appropriate revenue multiples
- Expected cash flow profile implicit in the share price

Our base case DCF excluding Solo is $0.047/share, a downside case is $0.004/share, and an upside case is $0.094. Including forecasted cashflows from the rollout of Vault Solo, the base case DCF valuation is $0.416/share, a downside case is $0.245/share and an upside case is $0.589/share. We believe it is important to look at the core business both with and without Vault Solo as sales of the latter are contingent on third parties, predominantly telcos, reselling the product.

The current share price of $0.021/share implies a 10-year CAGR of 4.8% which is below the CAGR forecasts for EHS software and smart wearables.

We have applied the "Golden Rule" which relates the revenue multiple to profitability and investors' expected returns and determines the expected CAGR in revenues for the first five years.

Exhibit 1: Valuation methodologies addressed in this report

Valuation method	Discount rate	EV/Revenue	CAGR in FCF	Value per share
Base case DCF valuation (ex Vault Solo)	12%		37.9%	$ 0.047
Base case DCF valuation (inc Vault Solo)	12%		29.6%	$ 0.416
An upside case DCF ex Solo	12%		31.6%	$ 0.094
An upside case DCF inc Solo	12%		29.6%	$ 0.589
A downside case DCF ex Solo	12%		n.m	$ 0.004
A downside case DCF inc Solo	12%		28.7%	$ 0.245
Compco valuation using EV/Rev FY19		6.0		$ 0.043
Reverse DCF	12%		4.8%	$ 0.021
Golden rule valuation using tech PE and average NPAT margin		6.2	34.0%*	$ 0.045

Source: RaaS analysis *CAGR in revenues for first five years

Vault's IPO

Vault used the shell company Credo Resources Ltd to 'backdoor' list and raise $4.3m (215m shares at $0.02) in June 2016. The issue was over-subscribed. In addition to the float shares, a further 326m shares and 60m options shares were issued to vendors, company officers, advisers and the float broker. The acquisition price (using a share price of $0.02 per share, was $5m with an additional $1.5m in Performance Shares to be issued when annual recurring revenues reached $1.6m, on an audited basis, and the absorption of net debt of $0.7m. The amount paid (excluding the performance shares) equates to the accumulated losses incurred by the founder's company (NGBI Group) to 31 December 2015 of $5.8m. The performance of NGBI is set out below:

Exhibit 2: NGBI Group – pre Vault IPO

($m)	2013	2014	2015	H116
Recurring revenue	0.7	1.7	1.9	0.8
Consulting revenue	0.7	0.5	0.4	0.4
NPAT	(0.4)	0.0	0.2	(0.1)

Source: Vault Prospectus June 2016

Capital raises – April 2017 and October 2017

Vault conducted an interim raise in April 2017. The Company issued 50m shares at $0.03 to raise $1.5m before expenses. The issue was placed to institutional and sophisticated investors.

Vault raised $4.5m before expenses in October 2017. It issued 166.7m shares at $0.027 per share. The issue was oversubscribed and added five new institutional investors to the share register. The capital raised is being used to accelerate product development and employ additional marketing, support, and account management staff.

Vault's business model

Vault evolved from a risk management consultancy business operated by David Moylan (founder and Managing Director). The software product development commenced in 2011 and it has been designed to meet the EHS needs of a wide range of industries and is appropriate for small and large businesses alike. It assists businesses in cultivating a safer workplace and meeting their statutory requirements.

Vault has an enterprise level system and 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 to a wearables version. The Vault 3 and Vault Solo products have recently been released.

The Vault 3 Enterprise Platform comprises ~36 modules covering governance, risk, compliance, assets and people. Future development includes the integration of AI and IoT. The upgraded V3 Enterprise Platform has been designed to integrate with smartphones and has configurable dashboards and reporting. Its open platform architecture allows integration with third party software and opens opportunities for Vault software to be bundled with software from other providers. At present, most of Vault's customers are on the Vault 2 platform and are in the process of transitioning to V3.

Exhibit 3: Vault 3 Enterprise Platform

Governance	Risk	Assets	People	Compliance	Mobility
Dashboards Business Intelligence Performance Indicators Governance Planner Process Reviews Reports Feedback	Events Event Register reviews Emergency Formal Investigation JSA/SWMS Multiple Risk Assessment Risk Assessment Risk Register Review	PPE Plant/Equipment Substances Transport	Claims Clients Contracted Workers Training Third Party/Visitor Volunteers Workers Vault Contractor	Compliance Observations Documents Health Surveillance Environment Skills Matrix Vault Audit Vault Check	Vault 3 Platform Check Audit Notify Solo App Solo Watch Contractor Portal Live Streaming

Source: Company data

The Vault Solo Suite (Lone Worker + Plus Productivity Tools) comprises three products, Live, App and Watch. Products are being progressively released through 2018 and will be marketed to existing customers and via a joint marketing program with hardware providers and telcos, effective August 2018. Samsung and Vault are working in collaboration to initially offer Vault Solo on its e-Sim enabled Samsung Galaxy watches in the Australian and New Zealand markets when the product is released later this year. Samsung launched the new Samsung Galaxy watches in the US on August 10 (see section on page 7 of this report). Exhibit 4 below details the features of the Vault Solo Suite while exhibit 5 following sets out the functionality of the Vault Apps.

Exhibit 4: Vault Solo Suite

Live	App	Watch
Protect, monitor workers/contractors Configurable business rules Escalation & notification Session information Send/receive messages to workers Instant alert for missed check-in Resolution instant alert issues Manage policies and procedures	Session information Send/Receive messages to workers Interval check ins GPS locator Missed check in alerts Instant alerts Active workers Monitor battery life Journey tracker Call/text directly from watch Select teams/regions Get real time updates of a worker's status	Session information Send/Receive messages to workers Interval check ins GPS locator Missed check in alerts Instant alerts Active workers Monitor battery life Journey tracker Call/text directly from watch Select teams/regions Access to S Health & S Voice Barometer Heart rate monitor Altimeter Step tracker

Source: Company data

Exhibit 5 Vault Apps - functionality

Vault Check	Vault Audit	Vault Notify
Equipment, site, environment inspections No messy paperwork to manage assets, people, processes location Schedule, create assign actions Access reports	Plan in office, complete on site Edit/manage templates Upload photos/diagrams Record notes Track expenses, schedule follow ups assign accountability	Capture in real-time Notify right people Empower staff to take active role in EHS Use GPS for location Use authentication for accuracy and responsiveness
Easy planning Real time updates Instant reporting	In-the-field mobility Bird's-eye-view Visual context	Capture information Immediately notify Accurately report

Source: Company data

EHS – an industry in transformation

EHS operates in a complex and ever changing regulatory environment. As business continues to globalise and as industries consolidate/diversify many organisations struggle to top of compliance issues and to employ a consistent safety culture across their sites. Recent changes to ISO standards have put risk-based thinking at the centre of any business and the pressure to comply and update the firms safety culture is compounded by issues such as customers refusing to do business with a firm unless the firm's site comply with the latest standards.

The development of new EHS software incorporating predictive analytics facilitates innovation and continuous improvement. An integrated platform which incorporates EHS, risk management, compliance and performance improvement can systematically meet compliance and recording keeping requirements, and to use data analytics to mitigate risk and protect brands. The focus of a unified risk platform is enterprise wide continuous improvement.

Rapid technological changes are expected to be an ongoing feature of EHS. Integrated software incorporating mobiles, drones, wearable devices and robot technology are at the forefront of these changes. Adoption of integrated software packages is considered to be early stage. Research undertaken by Verdantix in 2016 found that only 13-30% of firms with more than US$500m in revenue used software for EHS processes. Many organisations still rely on spreadsheets, emails and documents to manage EHS.

Global survey

Data from the Verdantix 2017 Global EHS Leaders Survey shows that configuration is a priority purchase criterion for EHS software buyers. Almost 90% of 382 EHS leaders considered that information technology was either 'essential' or 'valuable' for EHS management. Verdantix found that on a global basis, EHS budgets would increase by 5.4% in 2018, with the focus on technology spending and a view towards improving worker safety and operational performance. Verdantix's survey found that 42% of respondents perceived digital as a must have in order to deliver a successful EHS management program. But only 36% of those surveyed said that they used commercial EHS software. One of the core reasons for this disparity is the difficulty heads of EHS have in securing additional funding of $200,000 to $800,000 for an EHS software project.

In its latest survey released in early August, Verdantix included Vault in the global ranking of preferred risk management software systems. On the question of leading capabilities, Vault ranked just behind the top four systems with 6% of the 221 respondents (87 from the US, 71 from Europe, 22 Canada, 25 from the Arab

States and South Africa and 16 from Australia) rating its systems as having leading capabilities. We have set out the findings in the following exhibit.

Exhibit 6: Operational Risk Management Software - Brand Preference Ranking

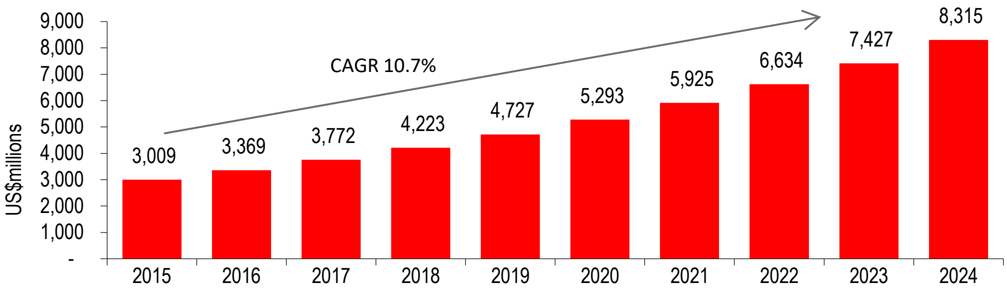
Company	Leading capabilities	Strong capabilities	Average capabilities	Aware of the firm but not aware of capabilities	Not aware of the firm
SAI Global	9%	22%	20%	22%	28%
Enablon	8%	20%	17%	20%	35%
GE Digital	9%	16%	18%	35%	23%
Sphera Solutions	8%	15%	17%	35%	25%
Engica	8%	13%	15%	15%	49%
DNV GL	3%	15%	20%	21%	41%
IsoMetrix	6%	13%	16%	22%	43%
CGE Risk Solutions	5%	14%	14%	20%	48%
Aveva	8%	10%	21%	25%	37%
TenForce	6%	10%	14%	20%	50%
eVision	4%	12%	19%	21%	44%
RiskPoynt	5%	11%	21%	18%	46%
Ideagen	5%	10%	14%	19%	52%
Intelex	4%	11%	23%	24%	38%
Petrotechnics	3%	10%	14%	18%	62%
Mangan Software Solutions	5%	9%	12%	13%	62%
Vault Intelligence	6%	6%	9%	9%	69%
j5 International	3%	9%	15%	19%	53%
Cority	5%	7%	13%	10%	65%
RAP International	4%	8%	14%	19%	55%
Operational Sustainability	3%	8%	14%	14%	60%
VisiumKMS	6%	5%	16%	17%	56%
Metegrity	4%	6%	12%	13%	66%
Cresent	3%	6%	11%	15%	65%

Source: Verdantix

Industry growth forecasts

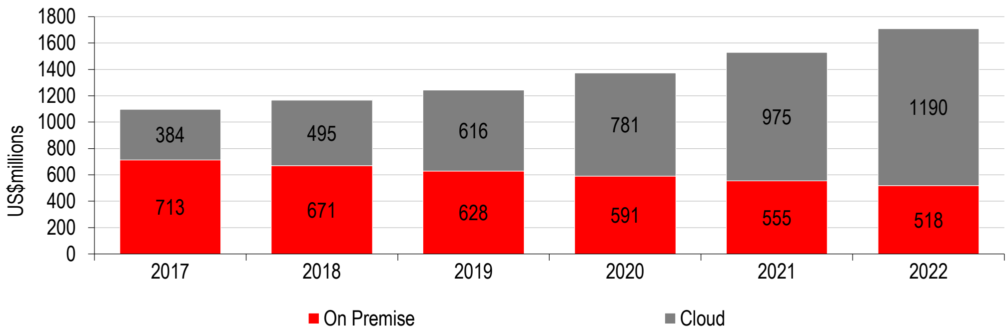
Statista is forecasting that EHS expenditure will grow at a compound rate of 10.7% from 2015 to 2024. Verdantix is forecasting that EHS software will grow from US$1.1bn in 2017 to US$1.7bn in 2022, a CAGR of 9.3%. We have set these forecasts out in the next two exhibits.

Exhibit 7: Forecasted EHS market size worldwide from 2015 to 2024



Source: Statista

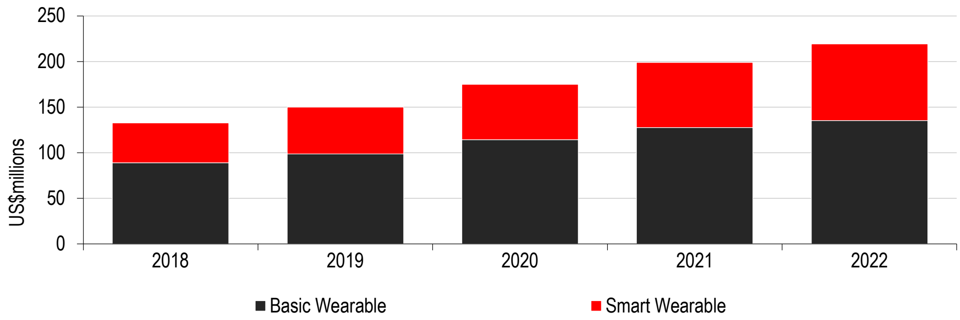
Exhibit 8: Forecasted Global EHS software sales, on premise and in cloud by year



Source: Verdantix

International Data Corporation tracks the wearables market and is forecasting that worldwide shipments of smartwatches will grow at a CAGR of 17.9% to 2022 to 84.1m shipments from 43.6m in 2018. According to IDC's Worldwide Quarterly Wearable Device Tracker, around half the smartwatches in 2017 were shipped by Apple which is expected to maintain its lead in this category but will be challenged by other competing products.

Exhibit 9: Wearables shipment forecast 2018-2022



Source: IDC 2018

Australian experience

Work-related injury and disease costs the Australian community $61.8b per annum, according to Safework Australia. Poor work health and safety costs $5,000 per worker each year and equates to 4.1% of Australia's GDP. Injuries account for $28b of the cost. Safework Australia has set three national targets to be achieved by 2022:

- A reduction in the number of worker fatalities due to injury of at least 20%;
- A reduction in the incidence of claims resulting in one or more weeks off work of at least 30%;
- A reduction in the incidence rate of claims for musculoskeletal disorders resulting in one or more weeks off work of at least 30%.

To achieve this strategy, Safework Australia is targeting several priority areas including health and safety capabilities and leadership and culture in organisations, areas that Vault's enterprise system targets.

Customers

We undertook interviews with two of Vault's customers, Coastguard New Zealand and NZME, and its channel partner for Vault Solo. Below is a summary of their feedback on the business.

Coastguard New Zealand

Coastguard New Zealand commenced using Vault 2 at the regional level in 2015, and took it to the national level in July 2017. Coastguard NZ will implement Vault 3 from August 1. Coastguard NZ's National Safety Manager Peter Healy says he looked at a number of vendors but that Vault ticked the most boxes in terms of being able to adapt its enterprise platform to the maritime industry (Vault was originally built for industrial use), being able to add other management and audit systems onto the platform, pricing and the fact that it is a New Zealand-run business. Peter says this latter point has been a key selling point for Vault, whose sales representative has been very proactive in assisting the implementation, training and development of Coastguard NZ's systems. He is looking forward to the rollout of Vault Solo which potentially could be utilised by the coastguard to keep track of its widespread volunteer base. It manages around 2,140 individuals on the system including 2,000 volunteers. "We will look at anything that comes out from Vault," Peter says. "We were the first maritime agency to use the system and we have recommended to others in Australia and elsewhere."

NZME

Media company NZME implemented Vault in early 2016 and manages 44 sites and more than 1,800 employees on the platform. NZME's Group Wellness and Safety Specialist Frana Lindsay introduced Vault to NZME after becoming familiar with the platform while at Sky City NZ. "I went with Vault because NZME's risk profile is very different from your average business in that we have so many different departments and locations. Vault was the only system that could handle that," Frana said. At that time, she also looked at Oracle and SAI Global and subsequently has become familiar with the risk management system PeopleSafe app. "I haven't found as good or comprehensive EHS platform as Vault's. There are other, cheaper systems with some features that I like but none with the depth that Vault delivers."

Samsung

Vault has been part of Samsung's Enterprise Alliance Program in New Zealand since 2015 and, as a result, developed a strong relationship with the Korean tech giant, according to Samsung NZ's Solutions Specialist Juston Fenton. This introduced Vault's enterprise platform to Samsung and led to Samsung trialling Vault Solo's lone worker app on its mobile phones.

"This is not just an app that runs on your mobile phone; it's backed by the entire platform," Juston said. "The fact that it is an enterprise product is its most attractive feature."

"We saw an opportunity for the (Samsung Galaxy watch) as a connected wearable." Juston noted that there are a lot of professions where workers can't guarantee they will have their phone on them. For example a roofer might find their phone falls out their pocket in a situation when they need assistance but the Galaxy watch with Vault Solo installed will be on their wrist. "The watches are always connected, where phones may not be. It was a no brainer for us to connect with Vault and put the application on our (e-Sim enabled) watches."

Asked about the global opportunity for Vault Solo to be included in e-Sim enabled Samsung Galaxy watches on a global scale, Juston noted that this was the objective for having the Enterprise Alliance Program and that there have already been examples within the Samsung network of bringing partner applications from one region to others. He also believes that the demand for the Galaxy watches with Vault Solo will be strong. "I've sat through a number of (Vault's) presentations…and I've seen the excitement in the room. It's impressive," Juston says.

Competing products

Vault competes with a range of Australian, UK and US competitors in the EHS technology space including the privately held SAI Global's Cintellate, Safety Culture, Peoplesafe, Miosh, INX and Enablon.

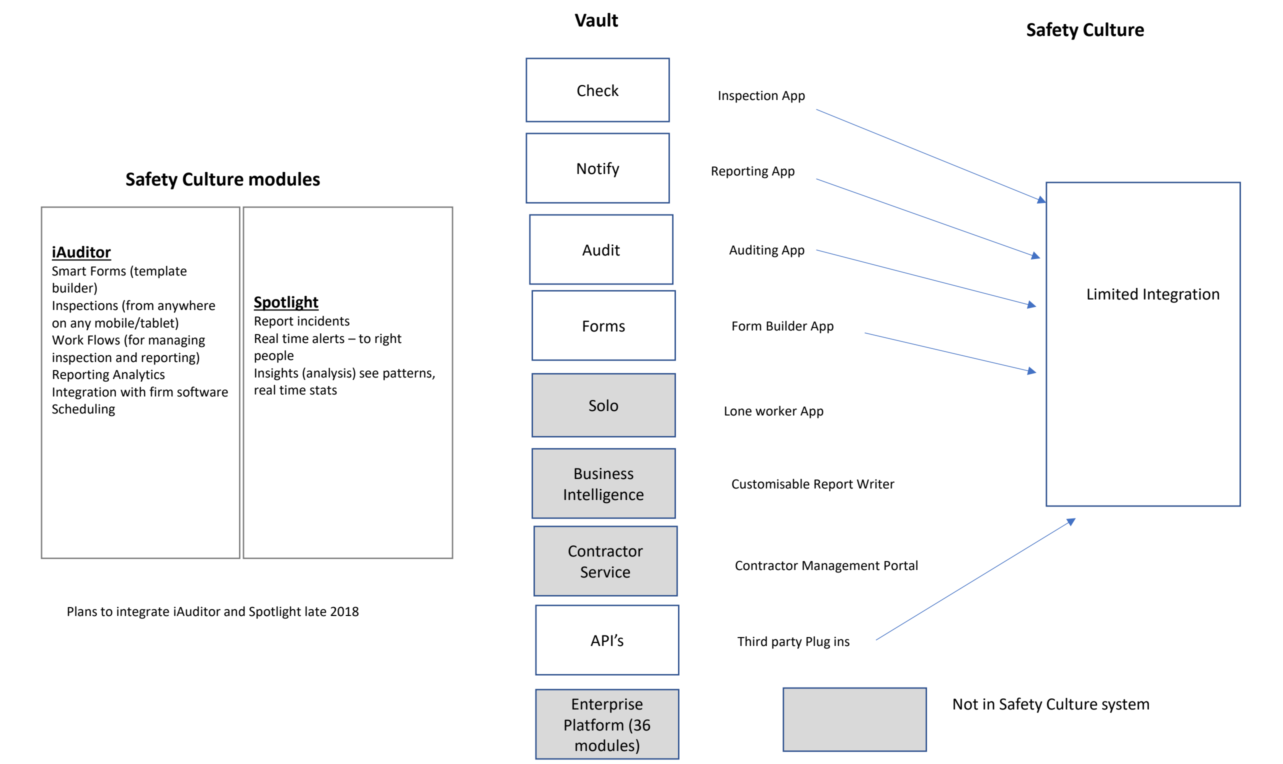
Australian VC funded Safety Culture has secured a significantly higher valuation than Vault from its private investors, despite it only having a subset of the features that Vault delivers. We set out a snapshot of Safety Culture's penetration and valuation in the following exhibit and a comparison with Vault in exhibit 11. Note that the key difference between Vault and Safety Culture is that the latter does have the Safety Management System enterprise platform.

Exhibit 10: Safety Culture snapshot

Safety Culture	Numbers
Organisations	15,000
Staff	214
Series B 2016	30
Series C May 2018	60
Aim penetration	100,000,000
Estimated annual revenue at last raise	$10,000,000
Valuation (based on last raise)	$440,000,000
EV/Revenue multiple (x)	44.0

Source: RaaS analysis, news reports

Exhibit 11: Comparison between Vault's and Safety Culture's modules



Source: Company data, RaaS Analysis

We undertook a "customer experience" exercise between Vault, SAI Global and Safety Culture to see how each of these companies approach potential customers. The experience is set out in Exhibit 12.

Exhibit 12: A Customer Experience

The Brief: EHS software for a professional engineering business with 20 employees working on a range of building and construction sites, tunnels and roads

The software companies contacted were:

- Vault
- SAI Global
- Safety Culture]

Responses:

Vault – after completing the online enquiry form there was a phone call from Vault, followed by an email attaching an information pack and a further email follow up asking if more information was required.

SAI Global – completed online enquiry form. No subsequent contact

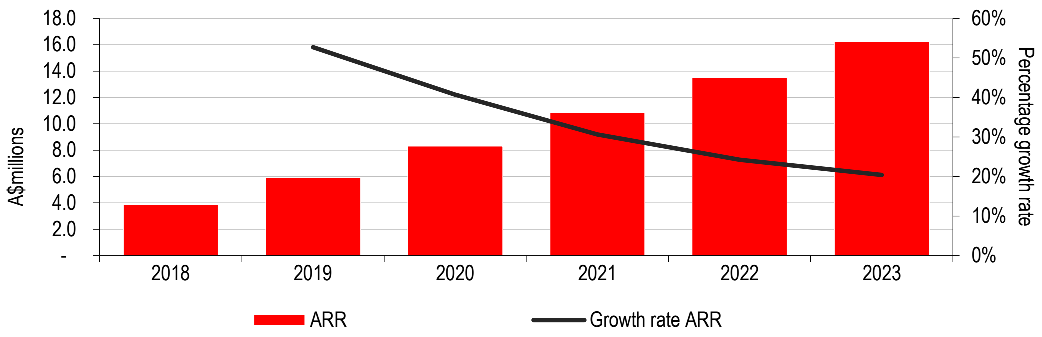
Safety Culture -Signed for a 30 day free trial for Auditor. The 30-day period has not expired. There has been no contact from the company. Spotlight is currently free for businesses with less than 100 employees. The software has been downloaded. There has been no contact from the company.

Source: RaaS analysis

RaaS Advisory's Vault's forecasts

The key driver of revenue is contracted Annualised Recurring Revenue (ARR) from the sale of software products using the SaaS subscription model. The company had provided guidance to the market of $4m for FY18, and achieved $4.05m, an increase of 76% on pcp. We have assumed strong but declining rates of growth in ARR as the base grows as set out below:

Exhibit 13: VLT forecasts – Annualised Recurring Revenue ($m)



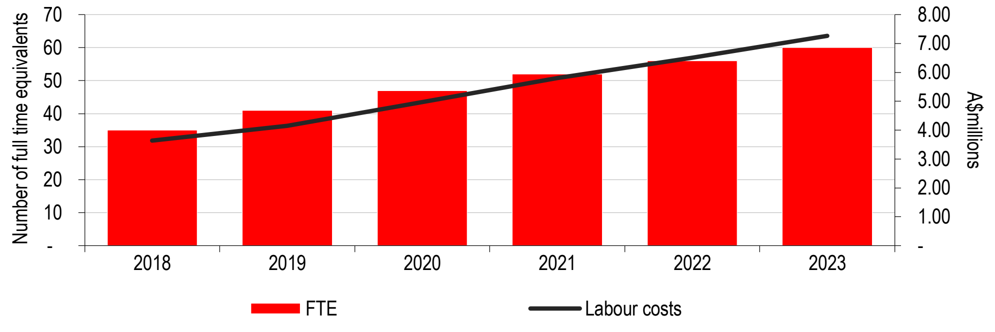
Source: VLT forecasts for FY18 and FY19, RaaS estimates thereafter

Our base case forecast of ARR assumes that 5% of recurring revenue will not be renewed at the end of the contract period. The current renewal rate is 96%.

We also assume that the period for prepayment of revenue is approximately three months. This is reflected in the current liability Deferred Revenue.

We have used the number of Full Time Equivalent Employees (FTE) at 30 June 2018 of 35 and assumed an annual salary of $100,000 increased by 2% each six month period.

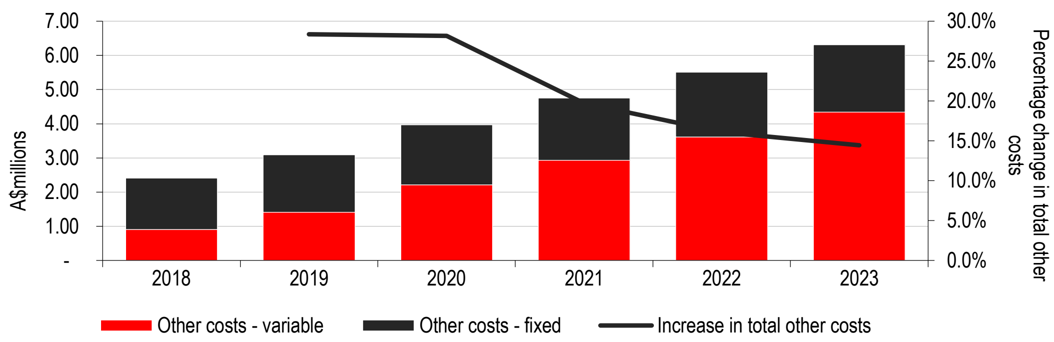
Exhibit 14: VLT forecasts – FTE and labour costs



Source: RaaS estimates

In our base case forecast we have assumed that variable costs are 20% of revenue and that fixed costs (assumed to be $1.7m for FY19 grow by 2% each six month period).

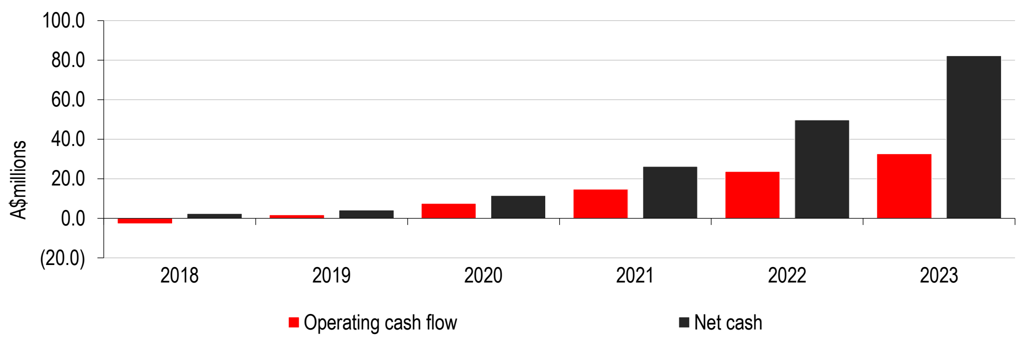
Exhibit 15: VLT forecast – other costs, variable and fixed components



Source: RaaS estimates

Our forecasts show that current net cash of $2.5m at 30 June 2018 will be sufficient to fund expected operating cash deficits for the period 2018 to 2020.

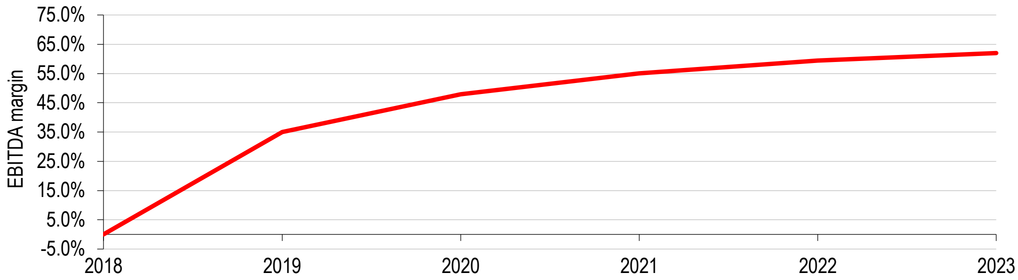
Exhibit 16: VLT forecast – Operating cash flow for the year and Net Cash at year end



Source: RaaS estimates

The business is scalable with increasing EBITDA margins due to the fixed component of the cost base.

Exhibit 17: VLT forecast – EBITDA margin



Source: RaaS estimates

We have modelled Vault to exclude and include Vault Solo in our forecasts so that investors can see how the underlying business is performing and the impact that this new product suite could be expected to have on earnings and cashflow. We have set out the forecasts and DCF impact in the following exhibit.

Exhibit 18: Earnings forecasts and base case valuation including and excluding Vault Solo

Excluding Vault Solo							
DCF	$0.047						
Y/E June 30	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Revenue	6.2	9.4	12.2	14.9	17.7	20.7	23.9
EBITDA	(0.9)	0.8	2.1	3.5	5.0	6.5	8.1
FCF	(0.9)	0.6	1.5	2.5	3.5	4.6	5.7
Including Vault Solo							
DCF	$ 0.416						
Y/E June 30	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Revenue	10.9	22.3	36.7	53.3	69.7	86.6	104.0
EBITDA	1.9	9.2	18.8	30.5	42.4	54.6	67.1
FCF	2.1	8.1	15.6	24.5	33.1	41.9	51.1

Source: RaaS estimates

SWOT analysis

Exhibit 19: Strengths, Weaknesses, Opportunities, Threats

Strengths	**Opportunities**
High customer retention levels (~96%)	Adapting Vault 3 to new sectors
Address markets outside Australia (including China and English speaking territories)	China market
Increased EHS regulation drives demand	Marketing of Vault Solo product suite
Recent hires of experienced sales force	Expanding the enterprise platform into other related verticals
Agreement with Samsung to embed software in Samsung Gear S3 and S4 watches	
Low working capital requirements	
High ROCE	
Sufficient cash to reach cash breakeven within 3 years	
Company now has a board with a broad spread of experience across digital marketing, product development, international sales and strategy and risk management	
Weaknesses	**Threats**
Limited operating experience	Competitive product - eg Safety Culture
Management team remains a work in progress	Data security issues
R&D investment ongoing	
Time taken (and therefore cost) of securing enterprise level sales	

Source: RaaS analysis

Sensitivities

- Software development commenced in 2011. It has taken six years for the company to achieve annual revenue of more than $2m (FY17). The current financial year has seen significant growth with expected revenue of >$3m and ARR as forecast by the company of $4m
- Competing products such as Safety Culture, Enablon and SAI Global's Cintillate
- Enterprise sales take 3-12 months resulting in potentially longer lead times than competing products such as Safety Culture's app; however Solo's lead times are 1-2 months.

Board and management

Directors

Evonne Collier, Independent Non-Executive Chair, brings 25 years' experience in senior executive and operational roles with leading companies in the FMCG, packaged goods, pharmaceutical and entertainment/technology sectors including News Corp, Pepsi-Co, Parmalat, Suncorp and Telstra. She currently is on the boards of ASX-listed companies, 1300SMILES (ONT), THINK Childcare (TNK) and private companies, Brisbane Markets, Motorama Holdings and Winson Group.

Robert Kirtlan, Non Executive Director, has a background in accounting, finance and management, working with major investment banks in Sydney and New York. He served as non-executive chairman until August 2018 and will now focus on capital investment and the South East Asia/China opportunities for the company.

David Moylan, Managing Director and CEO, is the founder of Vault. He commenced his career in the Australian Army where he reached the rank of Lieutenant Colonial and was the Director of Safety and Risk. He has 25 years' experience in risk management including the role of Senior Risk Manager for Shell Exploration China.

David Rose, Non Executive Director, brings significant IT sector experience to the Vault board. His former roles include Chief Information Officer at Watpac and senior management roles at Optus and Suncorp. He is currently COO at Opteon.

Ross Jenkins, Non Executive Director, is an experienced SaaS strategist and the former,long-standing CFO/COO of Xero. He is currently Executive Director of The Instillery, a technology integration company, and chairs the advisory board of Earshot. He will focus on global SaaS solutions for Vault as well as sales and marketing strategies.

Management

David Moylan, the Founder, is MD and CEO. He is supported by recent hires:

Miguel Nasr Chief Product and Data Officer. Miguel joins VLT from Telstra where he oversaw market-leadership developments and growth. He has particular expertise in the Internet of Things (IoT) and in Artificial Intelligence (AI).

Peer Comparison

Since the acquisition of SAI Global by private equity interests in 2016, there has been no direct listed comparable for Vault in the Australian or New Zealand markets. We have instead turned to predominantly SaaS or recurring revenue models for our peer comparison and sought out those that are profitable, or are forecast to be profitable by FY19. The exhibit below details 18 peers that we have identified. Of these Elmo Software (ELO) is potentially the closest comparable, although it should be noted that consensus forecasts have ELO only just profitable in FY18, with FY19 forecast to deliver an NPAT margin of 8.2% well below the median of 16.5%. The median PE of this group is 26.7x and average EV/Revenue multiple for FY19 is 6.0x. If we were to apply the industry EV/Revenue multiple to our VLT forecast (excluding Vault Solo) for FY19 revenue, we would arrive at a compco valuation of $0.043/share which is largely in line with our base case DCF valuation (excluding Vault Solo).

Exhibit 20: Profitable Australian and New Zealand compcos

Company	Code	Business model	Mkt Cap ($m)	EV ($m)	Revenue fwd ($m)	NPAT margin fwd((%)	PE fwd (x)	EV/ Rev (x)
Appen	APX	Data solutions and services for global tech cos	1160	1210	342	12.3%	29.6	3.5
Altium	ALU	Software for the design of electronic products	2710	2660	157	30.0%	42.6	17.0
Bravura Solutions	BVS	Investment software and services	754	744	237	12.1%	26.1	3.1
Class	CL1	SaaS Cloud solution for SMSF administration	246	226	40	25.8%	24.2	5.6
ELMO Software	ELO	SaaS software solutions for HR	356	341	40	8.2%	128.8	8.5
ERoad	ERD.NZ	Transport technology and services	214	218	68	13.0%	26.7	3.2
Gentrack	GTK.NZ	Enterprise billing and CRM software for utilities	523	557	123	18.2%	28.7	4.5
GBST Holdings	GBT	Sells software and implementation services	147	133	96	7.5%	20.7	1.4
IRESS	IRE	Trading platform and wealth management software	2010	2170	497	17.1%	24.9	4.4
Integrated Research	IRI	Diagnostic and performance monitoring software for unified comms and payments networks	450	441	105	21.3%	20.3	4.2
MSL Solutions	MPW	SaaS software solutions for sports and hospitality sectors	46	40	42	17.8%	6.4	1.0
Myob	MYO	Cloud based enterprise and SME solution for accounting and HR management	1830	2190	495	21.4%	17.2	4.4
Pushpay	PPH.NZ	Mobile commerce and electronics payments platform	358	349	52	15.8%	41.5	6.7
Praemium	PPS	Wealth management software and platform	906	882	139	8.4%	56.7	6.3
Senetas	SEN	Data encryption hardware	114	93	22	23.3%	21.0	4.2
Serko	SKO.NZ	Corporate travel software solutions	203	199	18	10.0%	123.5	10.9
SLI Systems	SLI.NZ	Learning search platform	17	11	34	3.0%	15.3	0.3
Wisetech Global	WTC	Enterprise wide SaaS solutions for logistics industry	4470	4420	289	21.8%	73.5	15.3
Xero	XRO	SaaS for online accounting and business services	6170	6090	709	7.4%	259.5	8.6
Median			**358**	**349**		**15.8%**	**26.7**	**6.0**

Source: ASX/NZX data, Stockopedia for fwd consensus, RaaS Analysis *Prices at 13 August 2018

The compco group has generated a median CAGR of revenues from 2012 to 2019 of 30.9%, set out on the following page. We note that our forecasted CAGR for Vault from 2016 to 2025 is 28%.

Exhibit 21: CAGRs in revenues generated by Australian/New Zealand tech compcos

Company	CAGR in revenues 2012-2019
Appen	33.8%
Altium	13.9%
Bravura Solutions	6.5%
Class	37.8%
Catapult	65.6%
ELMO Software	30.9%
ERoad	40.9%
Gentrack	32.2%
GBST Holdings	2.7%
IRESS	11.5%
Integrated Research	10.1%
MSL Solutions	35.9%
Myob	10.9%
Nearmap	36.4%
Praemium	18.9%
Pushpay	245.5%
Senetas	14.7%
Serko	21.0%
SLI Systems	10.2%
Wisetech Global	30.9%
Xero	43.5%
Median	**30.9%**

Source: Company reports, Consensus from Stockopedia, RaaS Analysis

Valuation – 'the Golden Rule'

The sense of pre-earnings and pre-cash flow valuations can be cross checked using a simple relationship that focuses attention on the most significant risks and opportunities. This premise was examined by Dr Kingsley Jones[1] and suggested as a golden rule used by venture capitalists and early stage investors to sense check their valuations. The golden rule is based on the following:

- Early-stage companies have revenue as the most visible performance metric
- Later-stage companies have earnings and margin as visible metrics
- Valuations at both stages are subject to sentiment and changing multiples

This simple valuation rule takes into account profit margins and earnings multiples and is defined as:

Current price to sales = Stable NPAT margin X Price Earnings Ratio X Sales uplift/Price uplift.

The price that the market will pay at a given time is dependent on the cyclicality of markets. When the market favours growth then the emphasis is on revenue multiples with seemingly little regard for profitability. However, as this enthusiasm cools the market will turn its attention to profitability and return on funds employed. If we apply the simple valuation rule explained above and make the following assumptions:

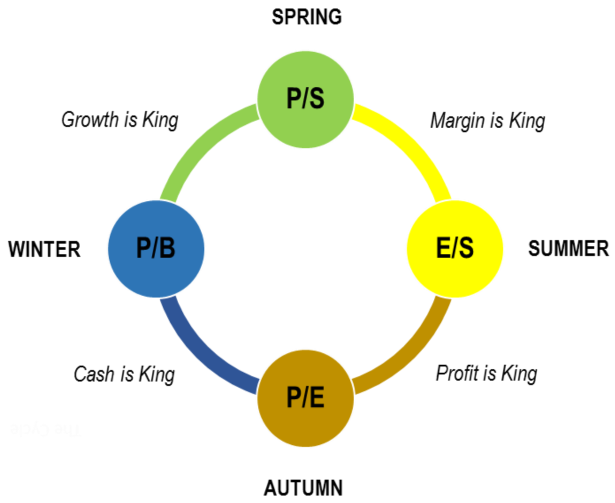
- Sales uplift (defined as the expected growth in sales over the investor's investment horizon) divided by price (to the investor) uplift (defined as the investor's expectations of return over the investor's investment horizon).
- A long run EBITDA profit margin for the industry of ~21% which converts to 15.8% NPAT margin using a tax rate 30%. We have based this margin on the median NPAT margin discussed in the peer group above.

The third component to this calculation is Price Earnings Ratio. The long term PE ratio of the ASX is 15x. The average PE for profitable companies in our comparative company group is 25.7x. The market capitalization of this group of companies averages $450m. Most of these companies are profitable tech leaders in their respective markets and this, together with relative size and growth prospects, sees the market paying around 1.5x the market PE.

Our simple valuation approach (the Golden Rule) described above is a way of taking into account the ultimate profitability of each company. In a buoyant financial market where growth is king, investors will tend to focus on revenue (the spring season). The next stage will be a focus on margins followed by an autumn period where the focus turns to profit before entering the depressed winter stage where cash is king. In our view the market seems to have turned its attention more to profitability or at least the path to profitability rather than revenue growth. Investor mood changes are illustrated in the exhibit below:

1 Jevons Global – Valuation for Early-Stage Technology Companies

Exhibit 22: The seasons of valuation



Source: Jevons Global – Valuation for Early-Stage Technology Companies (P/S – Price/Sales; E/S – Earnings/Sales; P/E – Price/Earnings; P/B – Price/Book)

Application of Golden Rule

Input selection

We have selected as a long term steady state PE 25x which is a 67% premium to the long term average market PE of 15x and a 37% premium to the current market PE of 18.2x. Our analysis of the comparative company group suggests that companies with intellectual property in operating platforms where they are able to scale on a fixed cost base are rewarded with long term PE multiples of 20-30x. The average for the group is 25.7x on a 12 month rolling basis. We have set out in the next two exhibits the impact that different PE's have on the implied uplift factor required to achieve the current market capitalisation of each of these companies. In the first exhibit, we use each company's current PE, in the second, we have adjusted the PE to that of the tech sector 25x to demonstrate what uplift factor is required.

Exhibit 23: Uplift factor implied in each peer's current PE to achieve market cap

Company	PE	NPAT Margin	Uplift factor	Revenue multiple	Revenue FY19	Market cap
Appen	29.6	12.3%	0.93	3.4	342	1160
Altium	42.6	30.0%	1.35	17.3	157	2710
Bravura Solutions	26.1	12.1%	1.01	3.2	237	754
Class	24.2	25.8%	0.98	6.1	40	246
ELMO Software	128.8	8.2%	0.84	8.9	40	356
ERoad	26.7	13.0%	0.90	3.1	68	214
Gentrack	28.7	18.2%	0.81	4.3	123	523
GBST Holdings	20.7	7.5%	0.99	1.5	96	147
IRESS	24.9	17.1%	0.95	4.0	497	2010
Integrated Research	20.3	21.3%	0.99	4.3	105	450
MSL Solutions	6.4	17.8%	0.96	1.1	42	46
Myob	17.2	21.4%	1.00	3.7	495	1830
Praemium	41.5	15.8%	1.05	6.9	52	358
Pushpay	56.7	8.4%	1.37	6.5	139	906
Senetas	21.0	25.0%	0.99	5.2	22	114
Serko	123.5	10.0%	0.90	11.1	18	203
SLI Systems	15.3	3.0%	1.09	0.5	34	17
Wisetech Global	73.5	25.5%	1.00	18.7	239	4470
Xero	259.5	7.5%	0.45	8.8	702	6170
Median	**26.7**	**15.8%**	**0.99**	**4.3**	**105**	**450**

Source: RaaS Analysis *Based on share prices at 13 August 2018

RAAS Research as a Service

As the table above demonstrates, the implied uplift factor for many of these companies is around 1.0x, however when we apply the tech PE, the uplift factor required varies, reflecting the different stages of profitability and market expectations for each of these companies.

Exhibit 24: Uplift factor required to reach each market cap using the tech sector's PE

Company	Tech PE	NPAT Margin	Uplift factor required	Revenue multiple	Revenue FY19	Market cap
Appen	25	12%	1.1	3.4	342	1160
Altium	25	30%	2.3	17.3	157	2710
Bravura Solutions	25	12%	1.1	3.2	237	754
Class	25	26%	0.9	6.1	40	246
ELMO Software	25	8%	4.3	8.9	40	356
ERoad	25	13%	1.0	3.1	68	214
Gentrack	25	18%	0.9	4.3	123	523
GBST Holdings	25	8%	0.8	1.5	96	147
IRESS	25	17%	0.9	4.0	497	2010
Integrated Research	25	21%	0.8	4.3	105	450
MSL Solutions	25	18%	0.2	1.1	42	46
Myob	25	21%	0.7	3.7	495	1830
Praemium	25	16%	1.7	6.9	52	358
Pushpay	25	8%	3.1	6.5	139	906
Senetas	25	25%	0.8	5.2	22	114
Serko	25	10%	4.4	11.1	18	203
SLI Systems	25	3%	0.7	0.5	34	17
Wisetech Global	25	26%	2.9	18.7	239	4470
Xero	25	8%	4.7	8.8	702	6170
Median	**25**	**15.8%**	**1.76**	**6.2**	**105**	**450**

Source: RaaS Analysis *Based on share prices at 13 August 2018

Taking this information, we have laid out the following exhibit to demonstrate the impact on revenue multiples to apply in our Golden rule analysis. Highlighted on this table is the revenue multiple that most closely matches the peer group in terms of uplift factor, NPAT margin and long-term PE. If we apply this revenue multiple of 6.38x to our FY19 base case (ex Solo) forecast for Vault, we arrive at a Golden Rule valuation of $0.045/share.

Exhibit 25: Impact on revenue multiples from uplift factors

Uplift factor	NPAT %	PE	Rev multiple (x)	Change Rev Mult (x)
1.00	15.0%	25	3.75	
1.10	15.0%	25	4.13	0.38
1.10	16.0%	25	4.40	0.65
1.10	17.0%	25	4.68	0.93
1.20	15.0%	25	4.50	0.75
1.20	16.0%	25	4.80	1.05
1.20	17.0%	25	5.10	1.35
1.30	15.0%	25	4.88	1.13
1.30	16.0%	25	5.20	1.45
1.30	17.0%	25	5.53	1.78
1.40	15.0%	25	5.25	1.50
1.40	16.0%	25	5.60	1.85
1.40	17.0%	25	5.95	2.20
1.50	15.0%	25	5.63	1.88
1.50	16.0%	25	6.00	2.25
1.50	17.0%	25	6.38	2.63
1.60	15.0%	25	6.00	2.25
1.60	16.0%	25	6.40	2.65
1.60	17.0%	25	6.80	3.05
1.70	**15.0%**	**25**	**6.38**	**2.63**
1.70	16.0%	25	6.80	3.05
1.70	17.0%	25	7.23	3.48
1.80	15.0%	25	6.75	3.00
1.80	16.0%	25	7.20	3.45
1.80	17.0%	25	7.65	3.90
1.90	15.0%	25	7.13	3.38
1.90	16.0%	25	7.60	3.85
1.90	17.0%	25	8.08	4.33
2.00	15.0%	25	7.50	3.75
2.00	16.0%	25	8.00	4.25
2.00	17.0%	25	8.50	4.75

Source: RaaS estimates

DCF valuation

We are of the view that the discounted cashflow methodology is the most appropriate methodology for valuing early stage companies. Our base case DCF valuation of Vault, excluding Vault Solo, is $0.047/share and uses a WACC of 12% (terminal value of 2%) to reflect the early stage nature of the business and the competitive landscape.

Including Vault Solo, our base case valuation is $0.416/share, based on the same valuation parameters.

Exhibit 26: Base Case DCF valuation (excluding Vault Solo)

Parameters		Outcome
Discount Rate / WACC		12.0%
Beta		1.4
Terminal growth rate assumption		2.0%
Sum of PV		14.4
PV of terminal Value		23.7
PV of Enterprise		38.2
Debt (Cash)		-2.5
Net Value - Shareholder		40.7
No of shares on issue		863.6
NPV	$	0.047

Source: RaaS estimates

Exhibit 27: Base Case DCF valuation (including Vault Solo)

Parameters	Outcomes
Discount Rate / WACC	12.0%
Beta	1.4
Terminal growth rate assumption	2.0%
Sum of PV	145.1
PV of terminal Value	211.8
PV of Enterprise	356.9
Debt (Cash)	-2.5
Net Value - Shareholder	359.3
No of shares on issue	863.6
NPV	$ 0.416

Source: RaaS estimates

Reverse DCF

Using our base case WACC of 12% and a terminal growth rate of 2% the current share price of $0.019 is pricing in CAGR in ARR of 3.6% for 10 years.

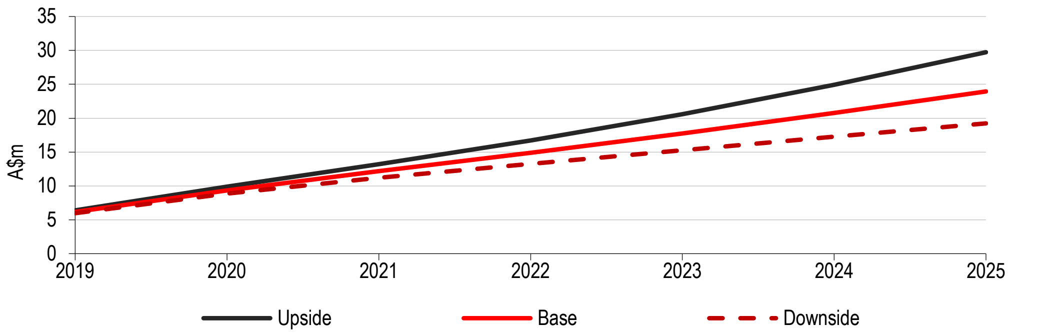
Scenario analysis

We have set out the different scenarios in our model for base case, an upside case and a downside case in the following four exhibits.

We set out some of the parameters we have used to reach these forecasts:

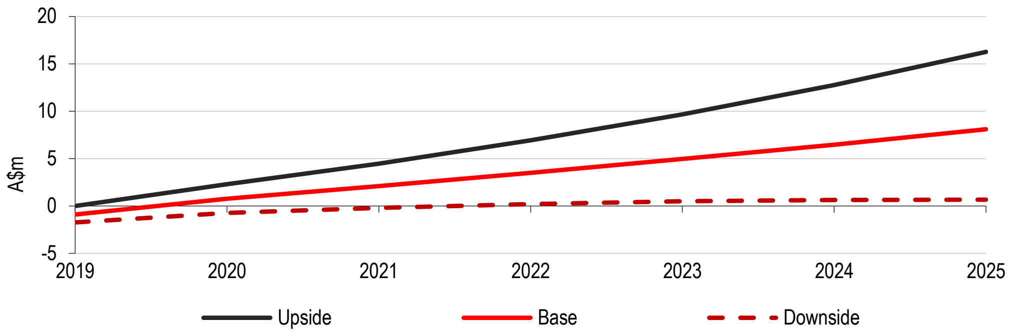
- Base case revenues ex Solo are forecast to grow at a CAGR of 21.3% from 2019-2025 with contracted revenue growing respectively at 15% and 10% in FY19 and FY20 and 5% thereafter, delayed contract revenue of 50%, variable costs 20% of revenue and consulting revenue 25% of FY18's total revenue and growing at 2% thereafter;
- Base case revenues including Solo assume 25,000 users come onto the platform in H119, paying $12 per month for the functionality on the Samsung Galaxy watch; this rises to 150,000 by 2025;
- An upside case assumes 17% and 12% growth in CARRs in FY19 and FY20 and 7% thereafter, delayed contract revenue of 25%, variable costs 17.5% and consulting revenue of 25% in FY18 and growing at 3% thereafter;
- Upside case revenues including Solo assume takeup by 30,000 users in H119 rising to 187,500 by 2025;
- A downside case assumes 13% and 8% growth in CARRs in FY19 and FY20 and 3% thereafter, delayed contract revenue of 75%, variable costs 22.5% and consulting revenue of 25% in FY18 and growing at 1% thereafter;
- Downside case including Solo assume takeup by 20,000 users in H119 rising to 112,500 by 2025.

Exhibit 28: Revenue estimates excluding Vault Solo by case selection



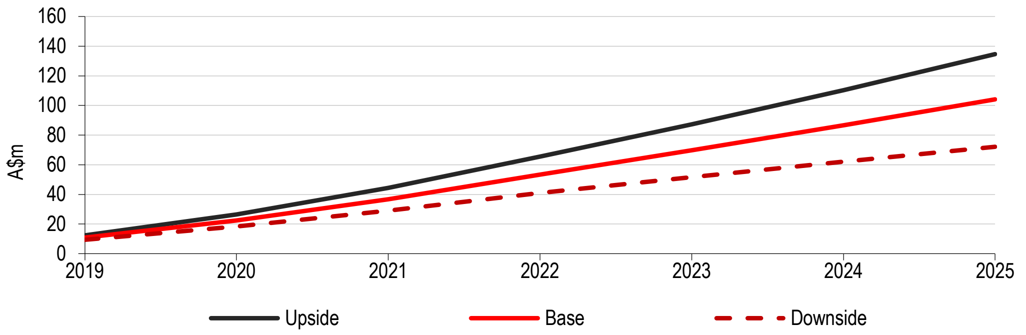
Source: RaaS estimates

Exhibit 29: EBITDA estimates excluding Vault Solo by case selection



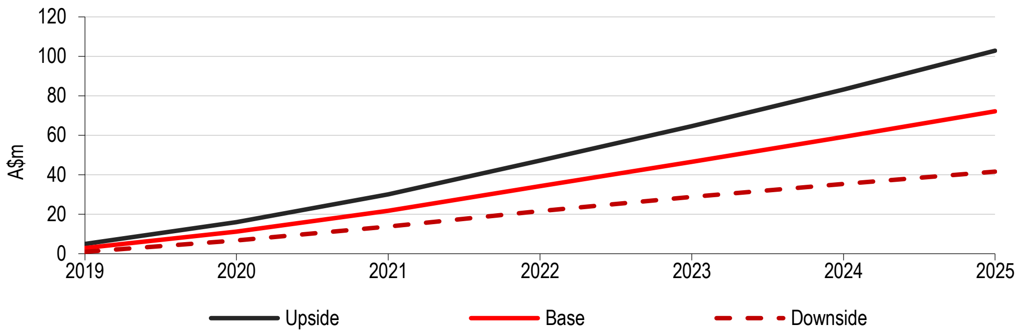
Source: RaaS estimates

Exhibit 30: Revenue estimates including Vault Solo by case selection



Source: RaaS estimates

Exhibit 31: EBITDA estimates including Vault Solo by case selection



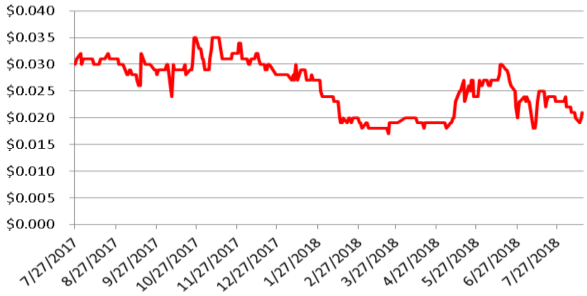
Source: RaaS estimates

Exhibit 32 Financial Summary (Base Case excluding Vault Solo)

Vault Intelligence Limited					
Profit and Loss (A$m)					
Y/E 30 June	**FY16A**	**FY17A**	**FY18F**	**FY19F**	**FY20F**
Revenue	2.0	2.2	3.2	6.2	9.4
EBITDA	(0.4)	(3.1)	(2.6)	(0.9)	0.8
Depn	(0.3)	(0.3)	(0.2)	(0.0)	(0.0)
Amort	0.0	0.0	(0.2)	(0.3)	(0.2)
EBIT	(2.4)	(3.4)	(3.1)	(1.2)	0.5
Interest	(0.1)	(0.0)	0.0	0.0	0.0
Tax	0.0	(0.0)	0.3	0.4	(0.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0
NPAT pre significant items	(2.5)	(3.5)	(2.7)	(0.8)	0.4
Significant items	0.0	0.0	0.0	0.0	0.0
NPAT (reported)	**(2.5)**	**(3.5)**	**(2.7)**	**(0.8)**	**0.4**
Cash flow (A$m)					
Y/E 30 June	**FY16A**	**FY17A**	**FY18F**	**FY19F**	**FY20F**
Receipts less exp	(0.4)	(3.1)	(3.0)	(0.9)	0.7
Interest	(0.1)	(0.0)	(0.0)	0.0	0.0
Tax	0.0	0.0	(0.0)	0.0	(0.2)
Working capital changes	0.5	0.3	0.3	0.1	0.1
Operating cash flow	(0.0)	(2.8)	(2.7)	(0.8)	0.6
Mtce capex	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Free cash flow	(0.1)	(2.9)	(2.8)	(0.9)	0.6
Growth capex	0.0	0.0	0.0	(0.0)	(0.0)
Acquisitions/Disposals	(0.4)	(0.5)	(0.5)	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash flow pre financing	(0.5)	(3.4)	(3.3)	(0.9)	0.5
Equity	4.2	1.5	4.2	0.0	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	(0.9)	0.5
Balance sheet (A$m)					
Y/E 30 June	**FY16A**	**FY17A**	**FY18F**	**FY19F**	**FY20F**
Cash	4.2	1.4	2.5	1.6	2.2
Accounts receivable	0.4	0.3	0.4	0.6	0.8
Inventory	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.5	0.5	0.5
Total current assets	*4.7*	*1.7*	*3.4*	*2.7*	*3.4*
PPE	0.1	0.2	0.2	0.3	0.3
Intangibles	1.3	1.2	1.1	0.7	0.5
Investments	0.0	0.0	0.4	0.4	0.4
Deferred tax asset	0.0	0.0	0.3	0.7	0.7
Loan receivables	0.0	0.5	0.0	0.0	0.0
Total non current assets	*1.4*	*1.8*	*2.0*	*2.2*	*2.0*
Total Assets	6.1	3.5	5.4	4.8	5.4
Accounts payable	0.9	0.4	0.4	0.5	0.6
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	1.6	1.7	1.9
Total current liabilities	*2.8*	*1.6*	*2.0*	*2.3*	*2.5*
Long term debt	0.0	0.0	0.0	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*	*0.0*	*0.0*	*0.0*
Total Liabilities	2.8	1.6	2.0	2.3	2.5
Net Assets	**3.3**	**1.9**	**3.4**	**2.6**	**2.9**
Share capital	12.2	13.7	17.9	17.9	17.9
Accumulated profits/losses	(9.0)	(12.5)	(15.1)	(16.0)	(15.6)
Reserves	0.1	0.7	0.7	0.7	0.7
Minorities	0.0	0.0	0.0	0.0	0.0
Total Shareholder funds	**3.3**	**1.9**	**3.4**	**2.6**	**2.9**

Share price (15 August 2018)						**A$**	**0.021**
Interim (A$m)		**H117A**	**H217A**	**H118F**	**H218F**	**H119F**	**H219F**
Revenue		1.3	1.5	1.4	2.1	2.5	3.6
EBITDA		- 1.3	- 1.7	- 1.7	- 1.0	- 0.8	- 0.1
EBIT		- 1.5	- 1.9	- 1.9	- 1.2	- 1.0	- 0.3
NPAT (normalised)		- 1.6	- 1.9	- 1.9	- 0.8	- 0.7	- 0.2
Minorities		-	-	-	-	-	-
NPAT (reported)		- 1.6	- 1.9	- 1.9	- 0.8	- 0.7	- 0.2
EPS (normalised)		- 0.27	- 0.29	- 0.22	- 0.09	- 0.08	- 0.02
EPS (reported)		- 0.27	- 0.29	- 0.22	- 0.09	- 0.08	- 0.02
Dividend (cps)		-	-	-	-	-	-
Imputation		30.0	30.0	30.0	30.0	30.0	30.0
Operating cash flow		- 1.6	- 1.2	- 1.6	- 1.1	- 0.7	- 0.1
Free Cash flow		- 1.5	- 1.2	- 1.6	- 1.1	- 0.6	- 0.1

Share price chart



Margins, Leverage, Returns		FY16A	FY17A	FY18F	FY19F	FY20F
EBITDA		-20.9%	-140.2%	-83.3%	-14.3%	8.1%
EBIT		-119.2%	-156.2%	-96.7%	-20.2%	5.3%
NPAT pre significant items		-124.0%	-159.1%	-84.4%	-13.7%	3.9%
Net Debt (Cash)		3.2	1.2	2.5	1.5	2.1
Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	2.740
ND/ND+Equity (%)	(%)	-4846.9%	-164.9%	-267.3%	-152.9%	-248.0%
EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	- 0.1
ROA		-39.4%	-71.1%	-68.7%	-24.3%	9.7%
ROE		-77%	-135%	-101%	-28%	13%
ROIC		-7298%	-409%	219%	461%	-61%
NTA (per share)		0.14	0.00	0.00	0.00	0.00
Working capital		- 0.4	- 0.1	- 0.0	0.1	0.2
WC/Sales (%)		**-18%**	**-5%**	**-1%**	**1%**	**2%**
Revenue growth			9%	46%	95%	51%
EBIT growth pa			n/a	n/a	n/a	-140%
Pricing		**FY16A**	**FY17A**	**FY18F**	**FY19F**	**FY20F**
No of shares (y/e)	(m)	14	695	864	864	864
Weighted Av Dil Shares	(m)	-	-	860	864	864
EPS Reported	cps	- 0.97	- 0.56	- 0.31	- 0.10	0.04
EPS Normalised/Diluted	cps	- 0.97	- 0.56	- 0.31	- 0.10	0.04
EPS growth (norm/dil)			n/a	n/a	n/a	-144%
DPS	cps	-	-	-	-	-
DPS Growth		n/a	n/a	n/a	n/a	n/a
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
Dividend imputation		30	30	30	30	30
PE (x)		-	-	-	-	49.1
PE market				15.2	15.2	15.2
Premium/(discount)					-100%	223%
EV/EBITDA		6.9	- 4.4	- 5.2	- 18.0	24.4
FCF/Share	cps	0.5	-0.4	-0.3	-0.1	0.1
Price/FCF share		4	- 5	- 7	- 26	25.5
Free Cash flow Yield		22.7%	-18.5%	-14.7%	-3.9%	3.9%

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: 11th 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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  - Securities
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