



# Bigtincan Holdings Limited (BTH)

Q3 Report – Adjusted cash receipts up 22%; ClearSlide revenue synergies flowing

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## Recommendation Buy (High Risk) Summary

<b>Risk Rating</b>	<b>High</b>
<b>12-mth Target Price (AUD)</b>	<b>\$1.39 (was \$1.27)</b>
Share Price (AUD)	\$0.83
12-mth Price Range	\$0.26 - \$1.60
Forecast 12-mth Capital Growth	67.5%
Forecast 12-mth Dividend Yield	0.0%
<b>12-mth Total Shareholder Return</b>	<b>67.5%</b>
Market cap (\$m)	342.0
Net debt (net cash) (\$m)(Jun 21e)	(52.4)
Enterprise Value (\$m)	289.6
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	412.0
Options / Perf rights on Issue (m)	10.7
Sector	Software
Average Daily Value Traded (\$)	\$2,356,000
ASX 300 Weight	n/a

### Financial Forecasts

Years ending June \$m	19(A)	20(A)	21(e)	22(e)	23(e)
Sales revenue	19.9	31.0	43.5	56.8	71.1
Sales growth	51%	56%	40%	31%	25%
Cash operating costs	-24.9	-38.4	-52.9	-62.0	-69.0
EBITDA	-3.3	-7.9	-10.6	-6.5	0.7
NPAT (reported)	-4.1	-12.2	-20.2	-10.4	-2.4
NPAT (adjusted)	-3.8	-10.0	-13.2	-9.4	-2.4
EPS (adjusted)	-1.6	-3.3	-3.3	-2.2	-0.6
EPS growth	-56%	101%	1%	nm	-74%
DPS	0.0	0.0	0.0	0.0	0.0
OCF / share	-2.9	0.6	-1.8	-0.6	1.7

### Valuation Metrics

P/E	-50.4x	-25.1x	-24.8x	-37.3x	-144.2x
P / OCF	-28.9x	136.9x	-45.2x	-129.4x	47.6x
EV / Sales	15.9x	8.8x	6.7x	5.2x	4.1x
EV / Ebitda	-97.1x	-34.4x	-27.3x	-45.5x	403.1x
Cash from Operations	-6.6	1.8	-7.3	-2.7	7.4
Net Cash (Net Debt)	25.1	69.3	52.4	45.6	50.7
Enterprise Value	316.9	272.7	289.6	296.4	291.3

### BTH SHARE PRICE PERFORMANCE



Bigtincan Holdings Limited (BTH) was founded in Sydney in 2011 and has become a recognised global leader with its “Bigtincan Hub” sales enablement software. The platform uses machine learning and artificial intelligence (AI) to provide sales collateral, training and coaching to sales and customer service reps in the field to increase their selling effectiveness. It enables reps to securely access all types of content (files, documents, PDFs, PowerPoint presentations, e-mail, video etc.) from a single data source and to automate work processes and documentation across any mobile device or fixed network.

BTH has offices across the USA, Europe & Middle East, Australia and Asia with its global sales and marketing headquarters in Boston, and corporate administration in Sydney. It has long-standing strategic alliances with Apple, Salesforce.com, AT&T and a total of 29 partners / resellers.

BTH has >1,000 deployments in over 52 countries and 35 languages. Recent new customer wins include DXC Technology, Sephora, Anheuser Busch, Nike and Sanofi.

### Q3 Cash Flow Report

- Q3 Receipts from customers \$12.2m (v \$14.9m pcp) up 16% on Q2 but down -18% on pcp. This mostly explained by a 17% adverse AUD / USD FX movement.
- 9 months cash receipts \$27.3m (v \$29.3m pcp) down 7%. This explained by a 9% adverse FX movement, \$4m of multi-year payments received in the pcp, less an estimated \$2.7m contribution from the 3 acquisitions. Adjusted cash receipts were up 22% which is more in line with market expectations.
- Operating costs \$15.7m up 35% on Q2 and +41% on pcp including 3 acquisitions and integration costs.
- Operating cash outflow -\$3.4m for the quarter and -11.0m for the 9 months.
- Closing cash \$59.1m at end March.
- New customers include Sanofi, Winnebago, ABB and Sage Publishing UK. In addition, the ClearSlide acquisition has led to 20 new customers for the existing BTH product already. So cross-selling and revenue synergies are being realised.
- FY21 revenue guidance increased to \$43-44m (was \$41-44m in August), +2.4% at the mid-points.

### Forecasts and Recommendation

We upgrade our revenue forecasts by 7% / 8% / 8% for FY21e/ 22e / 23e. However our cost forecasts also increase. Overall, our normalised Net Loss forecasts are reduced by \$0.9m / \$2.0m / \$3.0m (i.e. upgrades).

Our Composite valuation is now \$1.39 (was \$1.27), +9%. This implies 67% upside from the current price. BTH shares have fallen -20% in the last 3 months as the market digested the \$35m placement (at \$1.05 /share) in December. We think the outlook is strong and that Covid and FX headwinds will eventually abate. Buy maintained.

## Q3 Report and Appendix 4C

BTH: Analysis of Quarterly Cash Flows		FY19	1QFY20	2QFY20	3QFY20	4QFY20	FY20	1QFY21	2QFY21	3QFY21	Qtr	Qtr	9 mths	9 mths	9 mths
		Year					Year				Growth	Growth	FY20	9 mths	9 mths
		(y/e Jun)					(y/e Jun)				QonQ	Vs pcp	FY21	YTD	Growth
															Vs pcp
<b>1. Receipts from customers</b>		<b>18.8</b>	<b>5.3</b>	<b>9.1</b>	<b>14.9</b>	<b>10.4</b>	<b>39.7</b>	<b>4.5</b>	<b>10.5</b>	<b>12.2</b>	<b>16%</b>	<b>-18%</b>	<b>29.3</b>	<b>27.3</b>	<b>-7%</b>
<b>1a. Other Revenue (Government Grants)</b>		1.0	0.1	0.1	1.2	1.5	2.9	0.5	0.0	0.1	92%	-94%	1.4	0.6	-59%
<b>2. Cash Payments</b>															
Advertising & marketing		(2.5)	(0.6)	(0.9)	(0.9)	(0.4)	(2.8)	(0.6)	(0.6)	(1.2)	89%	35%	(2.4)	(2.4)	2%
Staff costs		(20.4)	(6.0)	(7.7)	(8.7)	(9.4)	(31.4)	(9.0)	(9.1)	(11.7)	28%	33%	(22.4)	(29.8)	33%
Administration and corporate		(5.3)	(1.3)	(1.9)	(1.5)	(2.5)	(7.2)	(1.9)	(1.9)	(2.9)	52%	94%	(4.7)	(6.8)	44%
Interest received		0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4%	333%	0.0	0.1	305%
Other		(0.0)					0.0	0.0	0.0				0.0	0.0	nm
<b>Cash expenses</b>		<b>(28.0)</b>	<b>(7.9)</b>	<b>(10.4)</b>	<b>(11.1)</b>	<b>(12.3)</b>	<b>(41.3)</b>	<b>(11.5)</b>	<b>(11.6)</b>	<b>(15.7)</b>	<b>35%</b>	<b>41%</b>	<b>(29.4)</b>	<b>(38.9)</b>	<b>32%</b>
<b>3. Operating Cash flow</b>		<b>(8.2)</b>	<b>(2.5)</b>	<b>(1.2)</b>	<b>5.0</b>	<b>(0.333)</b>	<b>1.3</b>	<b>(6.5)</b>	<b>(1.1)</b>	<b>(3.4)</b>	<b>220%</b>	<b>-169%</b>	<b>1.2</b>	<b>(11.0)</b>	<b>-991%</b>
<b>4. Investing Cash Flow</b>															
Property Plant & Equipment			(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)	(0.6)	(0.1)	-88%	-36%	(0.2)	(0.2)	15%
Acquisition of Businesses			(4.8)	(6.8)	0.0		(11.6)	(0.9)	(27.3)	(3.3)	-88%	nm	(11.6)	(30.6)	164%
Intellectual Property (capitalised R&D)			(0.6)	(0.6)	(0.8)	(1.1)	(3.5)	(1.1)	(1.1)	(1.3)	26%	64%	(2.0)	(3.4)	71%
Other			(0.0)	(0.2)	(0.0)	(0.0)	(0.3)	0.0	0.3	0.0	-100%	-100%	(0.2)	(0.2)	-30%
<b>Total Investing Cash Flow</b>		<b>(6.0)</b>	<b>(5.4)</b>	<b>(7.7)</b>	<b>(0.9)</b>	<b>(1.1)</b>	<b>(15.6)</b>	<b>(2.0)</b>	<b>(28.5)</b>	<b>(4.6)</b>	<b>-84%</b>	<b>397%</b>	<b>(14.0)</b>	<b>(34.4)</b>	<b>145%</b>
5. Cash from Financing		15.5	0.0	18.8	(0.0)	41.8	60.7	(0.3)	0.0	33.0	nm	nm	18.8	32.7	74%
6. Net increase (decrease) in cash		1.3	(7.9)	9.9	4.1	40.4	46.4	(8.9)	(29.6)	24.9	-184%	514%	6.0	(13.6)	-325%
<b>7. Cash at end of period</b>		<b>25.4</b>	<b>17.6</b>	<b>27.4</b>	<b>31.5</b>	<b>71.9</b>	<b>71.9</b>	<b>63.0</b>	<b>33.4</b>	<b>59.1</b>	<b>77%</b>	<b>88%</b>	<b>31.5</b>	<b>59.1</b>	<b>88%</b>
<b>ANALYSIS</b>															
Cash Receipts - Annualised			21.3	36.2	59.6	41.8		18.1	42.0	48.9	16%	-18%	39.0	36.3	-7%
Other Revenue - Annualised			0.4	0.2	4.9	6.1		1.9	0.1	0.3	92%	-94%	1.8	0.8	-59%
Cash Payments - Annualised			(31.7)	(41.4)	(44.5)	(49.2)		(46.1)	(46.5)	(62.9)	35%	41%	(39.2)	(51.8)	32%
<b>8. Operating Cash Flow (annualised)</b>			<b>(10.1)</b>	<b>(5.0)</b>	<b>20.0</b>	<b>(1.3)</b>		<b>(26.1)</b>	<b>(4.3)</b>	<b>(13.7)</b>	<b>220%</b>	<b>-169%</b>	<b>1.7</b>	<b>(14.7)</b>	<b>-991%</b>
Cash Receipts - Trailing 4 qtrs		<b>18.8</b>	<b>20.7</b>	<b>25.3</b>	<b>34.8</b>	<b>39.7</b>	<b>39.7</b>	<b>38.9</b>	<b>40.4</b>	<b>37.7</b>	<b>-7%</b>	<b>8%</b>			
Other Revenue - Trailing 4 qtrs		1.0	0.9	0.4	1.5	2.9	2.9	3.3	3.3	2.1	-35%	36%			
Cash Payments - Trailing 4 qtrs		(28.0)	(29.2)	(32.1)	(36.5)	(41.3)	(41.3)	(45.3)	(46.6)	(51.2)	10%	40%			
<b>9. Operating Cash Flow - Trailing 4 qtrs</b>		<b>(8.2)</b>	<b>(7.5)</b>	<b>(6.5)</b>	<b>(0.1)</b>	<b>1.3</b>	<b>1.3</b>	<b>(3.1)</b>	<b>(2.9)</b>	<b>(11.4)</b>	<b>288%</b>	<b>10049%</b>			
Capitalised R&D - Trailing 4 qtrs		0.0	(0.6)	(1.2)	(2.0)	(3.5)	(3.5)	(3.5)	(4.0)	(4.5)	13%	123%			
<b>10. Annualised Recurring Revenue (ARR)</b>				<b>32.4</b>		<b>35.8</b>			<b>48.4</b>			<b>49%</b>			
10a. ARR growth on pcp				0.6		53%			49%						
<b>11. Unearned revenue (Liability)</b>		<b>(9.6)</b>		(17.9)			<b>(19.6)</b>		(21.9)						

Source: Company quarterly reports; Annual Reports; Sequoia annualisation calculations

BTH produced a mixed Q3 report and report for the 9 months year-to-date.

- Q3 cash receipts of \$12.2m were up 16% on the December quarter but down -- \$2.7m or 18% on the \$14.9m pcp. The March quarter is normally BTH's best quarter for cash receipts. We note that the AUD appreciated by 17% against the USD for the March quarter versus the pcp, and by 7% against the euro reducing the value of BTH's predominantly USD and EUR revenues. Further, Q3FY21 would include a full period of Agnitio (acquired 8/10/20, \$1.6m expected ARR), ClearSlides (acquired 31/12/20, A\$6.8m expected ARR) and 2.5 months of VoiceVibes (acquired 15/1/21, \$0.5m our estimated ARR) which we estimate at A\$2.2m of revenue for the quarter.
- Cash receipts for the 9 months were \$27.3m, down -\$2.0m or -7%. We estimate the adverse FX movement at ~ 9% on 89% of the business, and the estimated contribution from acquisitions at \$2.7m. In addition, we understand there were \$4m of multi-year payments for the 9 months in FY20 which would have otherwise flowed into FY21 on a normalised basis. So on an adjusted basis, the 9 month YTD cash flows look to be up ~22% which is more like what we expected to see.

BTH: Analysis of cash flows	9 mths	9 mths	Change	Our Comments
	FY20	FY21	%	
	\$m	\$m		
<b>Cash receipts per 4C reports</b>	<b>29.3</b>	<b>27.3</b>	<b>-7%</b>	Looks terrible, especially given expected revenue growth
AUD / USD FX impact (-9%) - see calculation below (89% of 1H21 revenues were USA)	-2.3			9% adverse FX movement on USD denominated revenues on 89% of revenue
Acquisitions not in pcp				
- Agnitio - estimated revenue assume = cash receipts	0.9			
- ClearSlide	1.7			
- VoiceVibes	0.1			
Multi-year payments received in prior 9-mths	-4.0	4.0		These would ordinarily flow into FY21
<b>Adjusted cash receipts</b>	<b>25.6</b>	<b>31.3</b>	<b>22%</b>	Looks much better, but still behind expected revenue growth
<b>Full year revenue forecast</b>	<b>31.0</b>	<b>43.5</b>	<b>40%</b>	Mid-point of guidance implies 40% revenue growth for year
9-mths cash flow as a % of full year revenue	94%	63%	-32%	Terrible as reported. Should be close to 75% of full year by Q3
<b>9-mths adjusted cash flow as a % of full year revenue</b>	<b>83%</b>	<b>72%</b>	<b>-11%</b>	<b>Still a bit weak on an adjusted basis, but much closer to 75%</b>
<b>Average AUD / USD FX rate</b>	<b>0.676</b>	<b>0.738</b>	<b>9%</b>	9% adverse FX movement on USD denominated revenues
<b>Average AUD / EUR FX rate</b>	<b>0.610</b>	<b>0.622</b>	<b>2%</b>	2% adverse FX movement on EUR denominated revenues

Source: BTH, X-rates.com; Sequoia estimates

- We discussed the above with BTH's CFO. We understand there are no collection issues, no collection issues with the acquisitions, and that the variability in cash receipts is just timing issues on a small number of larger customers and the multi-year (2-year) deals paid up-front. BTH has good visibility on its Oracle Netsuite accounting system. April collections were strong and BTH expects cash receipts of \$13-15m in Q4. **At the \$14m mid-point, this would take cash receipts to around \$41m for the year, or 95% of our \$43.5m forecast revenue.** BTH expect that cash receipts will oscillate around 95% to 105% of revenue because of the timing of multi-year deals.
- Cash expenses were \$15.7m (v \$11.1m pcp) up 35% on Q2 and up \$4.6m or +41% on the pcp. This included staff costs, operational and transitional costs related to the ClearSlide acquisition (acquisition cost A\$22.6m plus \$5.0m estimated further investment required) and VoiceVibes acquisition (acquisition cost A\$2.6m) and initial integration costs.
- Operating cash-flow was a deficit of \$3.4m (v \$5.0m positive in the pcp) for the quarter. Operating cash flow for the 9 months was a deficit of \$11.0m (so \$14.7m annualised).
- Investing cash-flow included \$1.7m cash consideration for VoiceVibes, plus \$1.6m of legals and other fees related to ClearSlide and VoiceVibes acquisitions mentioned above.
- Closing cash was \$59.1m at end-March.

## Activities Report

### *New Customer wins*

- Sanofi (SASY.PA, Market cap EUR 111bn, Life Sciences sector)
- Winnebago Industries Ltd (WGO, Market cap US\$2.7bn, Transportation / Leisure sector)
- ABB Limited (formerly ASEA Brown Boveri)(ABB, Market cap US\$70.4bn, Infrastructure sector)
- Sage Publishing in the UK

### *Merger & Acquisitions - Integration update*

**Cross-selling opportunities** - 20 new Bigtincan customers have originated from existing ClearSlide marketing programmes, so cross selling revenue synergies have started to flow. New BTH customers include:

- **Six Flags Entertainment Corp (NYSE: SIX, Market cap US\$4.0bn**, Head office: Arlington, Texas, Hotels & Resorts sector)
- **Legend BioTech USA (LEGN.OQ, Market cap US\$4.0bn**, New Jersey, 351 employees on LinkedIn, Life Sciences sector)
- **Tennessee Titans (Nashville**, NFL professional grid iron team, 291 employees on LinkedIn)
- **Australian Institute of Management (Sydney**, 351 employees on LinkedIn)

**Client renewals** - BTH said that all major accounts up for renewal in Feb / March were re-signed including:

- Sacramento Kings (NBL basketball team)
- Penske Media Corp (US private coy; publisher of Variety, Rolling Stone, Billboard and other titles, H/quarters: New York with offices in 14 countries).

### **New products strategy**

- BTH is now launching a new "Hubs" product strategy – with Content Hub (the original Bigtincan hub), Learning Hub (for learning materials & training & coaching), Automation Hub (automated documents), and Engagement Hub

(newly defined product). This actually sounds like quite a good way of dealing the different technologies coming into the group from acquisitions.

- BTH is now able to offer “Bigtincan Engagement Hub” to new and existing customers. Engagement Hub allows customers to connect their customer facing teams with their end customers, conduct virtual engagements, and maintain connection to end customers through a suite of tools all provided under a single platform.

### *Revenue guidance increased*

BTH has increased its Revenue guidance for FY21 to \$43-44m (midpoint \$43.5m) from the previous \$41-44m (midpoint \$42.5m) upgraded by 2.4% using the midpoints.

ARR expected to be at the top end of the \$49-53m previous guidance, assuming a stable exchange rate (presumably from the date of the quarterly report, i.e. 30/4/21) and stable customer retention which we expect.

### *Impact on our forecasts*

We are currently forecasting revenue of A\$40.5m for FY21 so we look to be around \$3.0m or 7% too low.

However we are currently forecasting \$51.1m of operating cash costs (excluding share-based payments and depreciation / amortisation). If costs in Q4 are the same as Q3 (\$15.7m) that makes \$54.6m for FY21. So we may be \$3.5m too low on our cost assumptions. We assume \$2.0m of this will be treated as non-recurring restructuring costs, so we increase underlying costs by \$1.5m.

## **BTH Product & Technology Investor Briefing**

BTH held a webinar on 28 April to share insights into the company’s products, key technologies, customer use cases and overall technology direction.

It was a high quality, well prepared presentation, including a couple of recorded customer examples followed by live Q&A. BTH now has > 1,000 customer deployments.

Over 30 new features and improvements were added in the Northern hemisphere winter software update release.

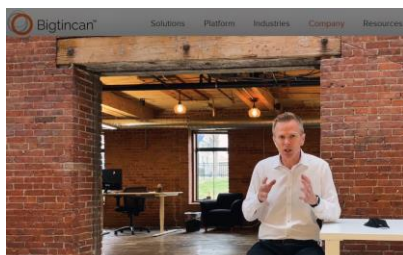
There was a demonstration of the recent Voice Vibes acquisition by the founder, which apparently is generating strong interest from existing customers. It provides voice analytics AND automated voice training by recording and digitally analysing sample sales calls looking for approximately 20 different “voice vibes” and providing instant, automated feedback to the user. Apparently competitors don’t have anything like this.

Development work had continued to integrate BTH products with the latest offerings from Amazon AWS, Microsoft teams and Salesforce.com. BTH said customers can be confident that BTH is a vendor that they can stay with, as BTH will continuously improve and adapt to the latest technology innovations.

Acquisitions have accelerated BTH’s technology road map and development. BTH was seeing good cross sell and upsell to new modules like VoiceVibes and Clearslide, and earlier products.

Overall, we were very happy with what we heard on the presentation, a recording of which is available on the BTH website. Please refer:

<https://www.bigtincan.com/company/investors/>





## Changes in Estimates

We have made the following changes:

- Increased revenue due to upgraded guidance and FX assumptions (We now use AUD/USD 0.78 for the balance of FY21 and for FY22 onwards – previously \$0.80).
- Higher operating costs, including assumed near-term losses at Agnitio and ClearSlide.
- We reclassify \$1.6m of FX losses in 1H21 from interest expense to abnormal items.
- Our composite valuation is increased because of the higher revenue forecasts to \$1.39 per share (was \$1.27 per share), +9%.

BTH: Changes in Estimates Years ending June \$m	FY20	FY21e			FY22e			FY23e		
		Old	New	Change	Old	New	Change	Old	New	Change
Avg FX rate assumed: AUD/USD	0.671	0.756	0.746	-1.3%	0.800	0.780	-2.5%	0.800	0.780	-2.5%
<b>Sales revenue</b>	<b>31.0</b>	<b>40.5</b>	<b>43.5</b>	<b>7.4%</b>	<b>52.4</b>	<b>56.8</b>	<b>8.3%</b>	<b>65.6</b>	<b>71.1</b>	<b>8.3%</b>
Sales growth	56%	30.6%	40.2%		29%	30.5%		25%	25.2%	
Cost of sales	-4.8	-6.1	-6.5	7.4%	-7.6	-8.2	8.3%	-9.2	-10.0	8.3%
<b>Gross profit</b>	<b>26.2</b>	<b>34.4</b>	<b>37.0</b>	<b>7.4%</b>	<b>44.8</b>	<b>48.5</b>	<b>8.3%</b>	<b>56.5</b>	<b>61.1</b>	<b>8.3%</b>
Gross profit margin %	84.6%	85.0%	85.0%	0.0%	85.5%	85.5%	0.0%	86.0%	86.0%	0.0%
Other revenue (Govt grants etc)	0.6	0.0	0.0		0.0	0.0		0.0	0.0	
<b>Operating costs</b>	<b>-34.8</b>	<b>-46.1</b>	<b>-47.6</b>	<b>3.3%</b>	<b>-53.6</b>	<b>-55.1</b>	<b>2.8%</b>	<b>-58.9</b>	<b>-60.4</b>	<b>2.5%</b>
Operating costs % of Sales	-112%	-114%	-109%	-4%	-102%	-97%	-5%	-90%	-85%	-5%
<b>EBITDA</b>	<b>-7.9</b>	<b>-11.6</b>	<b>-10.6</b>	<b>-9.0%</b>	<b>-8.7</b>	<b>-6.5</b>	<b>-25.4%</b>	<b>-2.4</b>	<b>0.7</b>	<b>-129.5%</b>
Ebitda margin	-25.6%	-28.7%	-24.4%	4.4%	-16.7%	-11.5%	5.2%	-3.7%	1.0%	4.7%
Depn & Amortisation	-2.0	-2.4	-2.4	0.0%	-2.7	-2.7	0.0%	-3.0	-3.0	0.0%
<b>EBIT</b>	<b>-10.0</b>	<b>-14.1</b>	<b>-13.0</b>	<b>-7.4%</b>	<b>-11.4</b>	<b>-9.2</b>	<b>-19.4%</b>	<b>-5.4</b>	<b>-2.2</b>	<b>-58.7%</b>
Ebit margin	-32.2%	-34.8%	-30.0%	4.8%	-21.8%	-16.2%	5.6%	-8.2%	-3.1%	5.1%
NPAT (reported)	-12.2	-16.2	-20.2	24.5%	-11.4	-10.4	-8.9%	-5.4	-2.4	-55.0%
add back: Abnormal items	2.2	2.1	6.9	227.1%	0.0	1.0	nm	0.0	0.0	
<b>NPAT (normalised)</b>	<b>-10.0</b>	<b>-14.1</b>	<b>-13.2</b>	<b>-6.0%</b>	<b>-11.4</b>	<b>-9.4</b>	<b>-17.6%</b>	<b>-5.4</b>	<b>-2.4</b>	<b>-55.0%</b>
<b>EPS (normalised)</b>	<b>-3.3</b>	<b>-3.6</b>	<b>-3.3</b>	<b>-6.0%</b>	<b>-2.7</b>	<b>-2.2</b>	<b>-17.6%</b>	<b>-1.3</b>	<b>-0.6</b>	<b>-55.0%</b>
DPS	0.0	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a
<b>Balance Sheet:</b>										
Net cash (debt)	69.3	51.8	52.4	1.0%	43.2	45.6	5.6%	45.4	50.7	11.6%
Shares on issue (year-end)	378.6	412.0	412.0	0.0%	415.0	415.0	0.0%	415.0	415.0	0.0%
Composite valuation		<b>\$ 1.27</b>	<b>\$ 1.39</b>	<b>8.8%</b>						

Source: Sequoia estimates

We consider BTH's revenue growth and customer growth progression to be more important than minor changes in Ebitda or NPAT at this early stage in BTH's rapid growth path (BTH is just 9 years young). BTH is building a US-based global business in a strong growth segment. It is benefitting from multiple growth trends – Increasing mobility of workers (including working from home), increased adoption of cloud computing, increased use of artificial intelligence (AI) to improve efficiencies, increased document automation. And it continues to invest in product development and product capability and acquisitions. So in many ways, BTH has not yet hit steady state yet. Covid has accentuated BTH's already strong revenue drivers. The outlook is very strong. And the recent acquisitions significantly expand the customer base and technical capabilities.

## Valuation

### Discounted Cash Flow valuation (DCF)

Our DCF valuation of \$0.87 (was \$0.77) per share is based on a 3-stage DCF model; specific forecasts for 5 years (FY21-FY25), 10% pa assumed growth for years 6-10, and a 3% terminal growth rate. We apply a 10.1% discount rate (WACC). We assume approximately a nil tax charge for FY21 to FY23, but in our Stage 2 DCF model, we apply a notional 20% tax rate from FY29 into perpetuity, being approximately the US company tax rate.

### Comps Valuation

Our “Comps” table on pages 6 & 7 includes 20 SaaS companies which we think are appropriate valuation comparables. We believe that BTH is effectively a US-based global company. BTH is headquartered in Boston, and had 91% of FY20 revenues attributed to the USA, 6% from Australia and 3% from Europe / Rest of World.

We use approximately half of the US SaaS company peer group Revenue Multiples in our valuation of BTH, to be conservative given that BTH is listed in Australia and is still a small cap stock. And BTH is loss-making whereas most of the comps are profitable. For FY1e, FY2e and FY3e we apply 11.0x, 9.0x and 7.5x respectively. Further, we believe a possible bidder for BTH would need to pay US multiples.

Most of the US peer companies have either a December year-end (9 coys) or a January year-end (8 coys) whereas BTH has a June year-end. Given that we are applying less than half the US multiples, we don't bother trying to adjust for different year-ends.

### Composite Valuation

We have weighted our valuations as follows: 40% to our DCF valuation, and 60% to our EV/ Revenue valuations, split evenly across 3 years (i.e. 20% to each year).

We arrive at a valuation range of \$0.87 to \$1.80 per share, with a Composite weighted average valuation of \$1.39 (previously \$1.27).

BTH: Sequoia Valuation		Comps Revenue Multiple	We Use	Valuation Per Share \$	Weighting
				\$m	
DCF valuation (8.7% WACC; 3.0% terminal growth; 20% tax rate FY29 on)				367.7	\$ 0.87 40%
<b>Comparable company's Valuation:</b>					
US SaaS companies EV/ Sales multiple (FY1e)(mostly CY21e)		22.4x	11.0x	704.6	\$ 1.67 20%
US SaaS companies EV/ Sales multiple (FY2e)(mostly CY22e)		17.7x	9.0x	726.7	\$ 1.72 20%
US SaaS companies EV/ Sales multiple (FY3e)(mostly CY23e)		14.7x	7.5x	761.5	\$ 1.80 20%
<b>Composite valuation</b>				<b>585.7</b>	<b>\$ 1.39 100%</b>
Shares on issue (Fully diluted)(m)			422.7		

Source: Sequoia estimates; Refinitiv consensus multiples for US SaaS peers

## 12-mth Price Target and Recommendation

**We revise our 12-month price target to \$1.39 per share (previously \$1.27, +9% due primarily to higher revenue forecasts.**

**Our price target implies 67% upside from the current \$0.83 share price. Accordingly, we reiterate our Buy Recommendation.**

With strong tailwinds post Covid, \$59m cash (end-March) and 9 acquisitions since its IPO now starting to deliver, we think BTH has never been better positioned. However dilution from the recent placement, higher short term costs to integrate these acquisitions, heavy marketing and R&D spend relative to sales and possible short-term operating losses by the acquisitions stretches the valuation. We think the market should look through this heavy investment period, recognising the leadership position that BTH is building in a strong growth e-commerce sector. We recommend investors Buy this exciting growth stock.

### Comp-Co Valuations

In the table below we show consensus forecasts for BTH's local and international peers.

We highlight in orange the companies with the highest Ebitda margins and sales growth, within our selected stocks. Adobe has the highest ebitda margin of our 20 selected US stocks at around 48-49%. In Australia, Netwealth (NWL) has the strongest forecast Ebitda margins in our table at 53-54%. We expect that eventually BTH will be a 20-30% Ebitda margin company as it builds out its global presence and cost growth moderates.

#### Part A

Refinitiv Code	Company (in Market Cap order)	Market Cap \$m	Net Cash (Debt)	Price A\$	Revenue				Ebitda				Ebitda Margin			
					\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%	%	%	%
					FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e
<b>Sequoia Covered Tech stocks :</b>																
BTH.AX	Bigtincan Holdings Ltd	361.6	65.0	0.830	31.0	43.5	56.8	71.1	(7.9)	(10.6)	(6.5)	0.7	-25.5%	-24.4%	-11.4%	1.0%
LVH.AX	LiveHire	104.4	20.0	0.390	3.5	5.2	10.5	21.6	(12.8)	(7.3)	(3.1)	7.5	-365.0%	-140.4%	-29.5%	34.7%
<b>US SaaS Companies (in USD)(consensus forecasts)</b>																
ADBE.O	Adobe Inc	242,987	1,875	508.340	12,868	15,471	17,700	20,282	5,180.0	7,695.0	8,765.0	9,824.4	40.3%	49.7%	49.5%	48.4%
CRM	Salesforce.Com Inc	212,409	9,165	230.320	21,252	25,863	30,709	35,993	3,301.0	7,651.3	9,181.4	10,653.0	15.5%	29.6%	29.9%	29.6%
SHOP.K	Shopify Inc	147,037	5,630	1182.510	2,929	4,408	5,771	7,740	218.5	480.7	639.5	1,130.7	7.5%	10.9%	11.1%	14.6%
SQ	Square Inc	111,482	802	244.820	9,498	14,313	16,945	20,007	260.9	724.1	1,144.0	1,679.2	2.7%	5.1%	6.8%	8.4%
NOW	ServiceNow Inc	99,982	1,452	506.370	4,519	5,739	7,224	9,096	535.2	1,782.9	2,241.2	2,900.0	11.8%	31.1%	31.0%	31.9%
ZM.O	Zoom Video Communications	93,862	4,245	319.570	2,651	3,833	4,588	5,810	698.5	1,274.5	1,470.7	1,696.5	26.3%	33.3%	32.1%	29.2%
TWLO.K	Twilio Inc	62,986	2,711	367.800	1,762	2,445	3,197	4,193	(302.5)	49.9	137.2	351.0	-17.2%	2.0%	4.3%	8.4%
WDAY.O	Workday Inc	60,253	1,741	247.000	4,318	4,993	5,903	6,942	42.4	1,159.7	1,418.8	1,766.1	1.0%	23.2%	24.0%	25.4%
TEAM.O	Atlassian Corporation PLC	59,405	1,002	237.560	1,614	2,030	2,350	2,891	111.5	506.1	547.4	725.3	6.9%	24.9%	23.3%	25.1%
CRWD.O	CrowdStrike Holdings Inc	46,680	1,181	208.510	874	1,321	1,763	2,252	(48.6)	155.4	255.1	437.6	-5.6%	11.8%	14.5%	19.4%
DOCU.O	DocuSign Inc	43,374	56	222.940	1,453	1,974	2,528	3,161	(94.8)	345.5	483.2	540.0	-6.5%	17.5%	19.1%	17.1%
VEEV.O	Veeva Systems Inc	42,996	1,663	282.450	1,465	1,764	2,093	2,452	407.2	676.4	807.2	993.5	27.8%	38.3%	38.6%	40.5%
OKTA.O	Okta Inc	35,388	790	269.700	835	1,090	1,410	1,809	(167.3)	(26.2)	42.0	185.8	-20.0%	-2.4%	3.0%	10.3%
RNG	RingCentral Inc	28,984	(767)	318.950	1,184	1,487	1,833	2,257	(37.6)	203.8	265.6	359.8	-3.2%	13.7%	14.5%	15.9%
DDOG.O	Datadog Inc	26,447	942	85.770	603	834	1,107	1,434	1.7	65.1	119.1	189.4	0.3%	7.8%	10.8%	13.2%
WORK.K	Slack Technologies Inc	24,662	430	42.400	903	1,160	1,496	1,448	(10.0)	(22.8)	43.4	NaN	-1.1%	-2.0%	2.9%	NaN
PAYC.K	Paycom Software Inc	23,136	121	384.410	841	1,010	1,255	1,537	239.5	397.0	509.4	636.3	28.5%	39.3%	40.6%	41.4%
COUP.O	Coupa Software Inc	19,601	(901)	269.040	542	679	848	1,052	(92.6)	33.8	69.5	190.5	-17.1%	5.0%	8.2%	18.1%
ZEN	Zendesk Inc	17,297	NaN	146.150	1,030	1,312	1,639	2,032	NaN	138.4	199.5	274.5	NaN	10.5%	12.2%	13.5%
LPSN.O	LivePerson Inc	3,764	106	54.650	367	461	571	706	(40.9)	37.8	60.2	92.2	-11.2%	8.2%	10.6%	13.1%
<b>Mean Average</b>													<b>4.6%</b>	<b>17.9%</b>	<b>19.3%</b>	<b>22.3%</b>
<b>Median Average</b>													<b>1.0%</b>	<b>12.7%</b>	<b>14.5%</b>	<b>18.1%</b>
<b>ASX Tech Comps (consensus forecasts)(in market cap order)</b>																
apt.ax	Afterpay Ltd	34,262	148	117.650	519.2	934.3	1,522.1	2,129.3	13.9	83.1	234.8	444.3	2.7%	8.9%	15.4%	20.9%
xro.ax	Xero Ltd	20,938	39	141.560	718.2	853.3	1,057.9	1,296.3	139.2	240.6	279.9	396.2	19.4%	28.2%	26.5%	30.6%
wtc.ax	WiseTech Global Ltd	10,212	178	31.430	429.4	502.9	612.2	739.2	129.2	182.9	236.5	315.5	30.1%	36.4%	38.6%	42.7%
alu.ax	Altium Ltd	3,891	79	29.650	190.0	187.9	212.4	254.4	72.2	71.2	81.7	96.1	38.0%	37.9%	38.4%	37.8%
nwl.ax	Netwealth Group Ltd	3,653	82	14.890	121.3	147.6	172.0	192.0	63.6	79.8	92.5	101.7	52.4%	54.1%	53.8%	53.0%
tne.ax	TechnologyOne Ltd	3,065	96	9.480	298.3	318.4	350.2	383.7	101.8	118.7	137.9	162.5	34.1%	37.3%	39.4%	42.4%
lnk.ax	Link Administration Holdings Ltd	2,687	-999	4.980	1,230.4	1,189.1	1,225.1	1,257.3	286.9	266.3	299.3	325.4	23.3%	22.4%	24.4%	25.9%
mpl.ax	Megaport Ltd	2,263	139	14.380	58.0	79.2	113.3	156.5	(25.8)	(16.7)	7.4	34.9	-44.4%	-21.1%	6.5%	22.3%
epl.ax	EML Payments Ltd	2,079	907	5.710	121.0	186.2	248.1	300.6	24.4	52.3	77.1	106.7	20.2%	28.1%	31.1%	35.5%
apx.ax	Appen Ltd	1,939	53	15.660	599.9	626.0	719.7	827.8	98.5	113.0	136.0	160.0	16.4%	18.1%	18.9%	19.3%
pdp.ax	Pushpay Holdings Ltd	1,875	-55	1.730	127.5	185.8	207.6	235.1	24.0	54.9	66.3	83.1	18.9%	29.5%	31.9%	35.4%
ddr.ax	Dicker Data Ltd	1,821	-92	10.510	1,998.8	NaN	NaN	NaN	91.4	NaN	NaN	NaN	4.6%	NaN	NaN	NaN
hub.ax	Hub24 Ltd	1,738	28	25.280	111.2	131.2	167.1	194.1	21.9	34.5	52.9	64.7	19.7%	26.3%	31.7%	33.3%
nxl.ax	Nuix Ltd	1,322	67	4.140	175.9	184.0	206.9	244.5	55.5	66.1	76.2	103.2	31.6%	35.9%	36.8%	42.2%
fcl.ax	FINEOS Corporation Holdings Ltd	1,182	32	3.920	87.8	96.3	106.2	117.8	14.0	7.1	12.1	17.9	15.9%	7.3%	11.4%	15.2%
hsn.ax	Hansen Technologies Ltd	1,144	-135	5.690	301.4	310.8	300.8	309.6	84.5	118.7	99.1	101.5	28.1%	38.2%	32.9%	32.8%
nea.ax	Nearmap Ltd	1,059	22	2.130	97.4	112.3	135.1	167.1	9.6	18.7	23.6	43.3	9.9%	16.7%	17.4%	25.9%
bet.ax	Betmakers Technology Group Ltd	1,026	31	1.315	8.6	25.1	80.0	95.6	0.2	(0.4)	6.6	7.2	2.4%	-1.4%	8.2%	7.5%
bvs.ax	Bravura Solutions Ltd	702	59	2.820	273.5	242.7	274.0	295.6	70.1	52.0	65.3	71.0	25.6%	21.4%	23.8%	24.0%
sko.ax	Serko Ltd	680	40	6.310	25.9	16.5	40.3	75.1	(7.1)	(18.1)	(11.2)	15.0	-27.6%	-110.0%	-27.9%	20.0%
dub.ax	Dubber Corp Ltd	652	18	2.550	11.8	23.0	42.0	63.0	(15.7)	(8.0)	(5.0)	6.0	-132.5%	-34.8%	-11.9%	9.5%
nto.ax	Nitro Software Ltd	620	42	3.110	40.2	47.9	58.6	74.6	(5.8)	(15.2)	(15.1)	(9.9)	-14.4%	-31.7%	-25.8%	-13.3%
ifm.ax	Infomedica Ltd	596	98	1.575	94.6	96.2	106.1	118.5	45.1	46.0	53.1	61.8	47.7%	47.8%	50.1%	52.2%
vgl.ax	Vista Group International Ltd	526	26	2.300	87.5	115.7	143.4	160.0	(12.2)	20.1	29.9	36.9	-13.9%	17.4%	20.9%	23.0%
elo.ax	ELMO Software Ltd	512	121	5.700	50.1	69.4	92.5	115.2	(4.2)	(4.5)	(2.5)	6.2	-8.4%	-6.5%	-2.7%	5.4%
iri.ax	Integrated Research Ltd	440	-2	2.540	110.9	84.6	95.9	105.4	44.8	24.4	38.1	44.5	40.4%	28.9%	39.7%	42.2%
pps.ax	Praemium Ltd	391	12	0.775	50.2	65.9	78.9	86.9	10.8	15.9	21.7	26.4	21.6%	24.2%	27.5%	30.4%
wsp.ax	Whispit Ltd	376	12	3.220	39.3	50.0	64.2	81.7	(4.2)	(3.6)	(2.9)	(0.5)	-10.7%	-7.1%	-4.6%	-0.6%
bth.ax	Bigtincan (Consensus ests)	362	69	0.870	31.0	46.3	59.9	73.9	(8.0)	(8.6)	(5.9)	1.1	-25.7%	-18.7%	-9.9%	1.5%
wzr.ax	WISR Ltd	270	-53	0.245	7.2	NaN	NaN	NaN	(22.2)	NaN	NaN	NaN	-309.5%	NaN	NaN	NaN
lvt.ax	Livetiles Ltd	173	34	0.190	37.8	44.5	54.0	68.2	(19.0)	(7.9)	(2.7)	4.5	-50.4%	-17.8%	-5.0%	6.6%
gtk.ax	Gentrack Group Ltd	145	2	1.475	100.5	93.7	98.1	106.2	12.1	NaN	7.6	13.2	12.0%	NaN	7.7%	12.5%
evs.ax	Envirosuite Ltd	134	20	0.130	23.8	49.6	57.9	66.9	(15.0)	(8.1)	0.9	9.0	-62.9%	-16.2%	1.5%	13.5%
lvh.ax	LiveHire (Consensus)	115	20	0.390	3.5	5.4	10.3	19.6	(13.3)	(7.3)	(3.9)	4.4	-378.3%	-135.5%	-37.6%	22.2%
and.ax	Ansarada Group Ltd	106	18	1.500	34.0	33.9	40.1	45.9	(0.6)	3.8	6.6	8.6	-1.8%	11.1%	16.4%	18.6%
dug.ax	DUG Technology Ltd	104	-43	1.050	49.4	64.2	73.3	87.6	9.0	9.1	15.8	23.1	18.3%	14.2%	21.6%	26.4%
bid.ax	Bill Identity (consensus foreca	104	8	0.635	9.4	15.0	23.0	31.6	(5.8)	(3.5)	4.0	11.0	-61.8%	-23.0%	17.2%	34.8%
vit.ax	Vault Intelligence Ltd	93	2	0.725	4.6	NaN	NaN	NaN	(6.2)	NaN	NaN	NaN	-134.7%	NaN	NaN	NaN
ada.ax	Adacel Technologies Ltd	70	-2	0.910	41.2	41.8	44.4	46.0	3.4	9.5	10.3	11.1	8.2%	22.8%	23.2%	24.1%
mpw.ax	MSL Solutions Ltd	55	0	0.165	25.1				(1.5)							
<b>Mean Average ASX Tech Comps</b>													<b>-19.4%</b>	<b>5.3%</b>	<b>16.4%</b>	<b>24.4%</b>
<b>Median ASX Tech Comps</b>													<b>11.0%</b>	<b>17.7%</b>	<b>20.9%</b>	<b>24.1%</b>

Source: Sequoia estimates for BTH; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY21 in most cases); FY2 means forecast year 2 (FY22 mostly)



In the table below, we show revenue growth and valuation metrics for US and ASX listed peers. Our forecast revenue growth for BTH of 40% for FY21e, 31% for FY22e and 25% for FY23e are well above the Aust. Tech company median average of 16% to 20%.

BTH's EV/ Sales multiple falls rapidly from 8.8x in FY20 to 4.1x in FY3e (FY23e). If BTH maintained its current revenue multiple, the share price should approximately double in 3 years. EV/ Ebitda multiples and P/E multiples for BTH aren't very useful as it is not yet surfacing maintainable profits due to heavy investment in capability, acquisitions still being integrated, and lack of scale. This will gradually change as positive Ebitda emerges – which we expect in 4 years (FY24e).

Refinitiv Code	Company (in Market Cap order)	Revenue Growth			EV/ Sales				EV/ Ebitda			P/E		
		FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e
<b>Sequoia Covered Tech stocks :</b>														
BTH.AX	Bigtincan Holdings Ltd	40.3%	30.6%	25.2%	8.8x	6.7x	5.2x	4.1x	-27.3x	-45.5x	403.1x	-24.8x	-37.3x	-144.2x
LHV.AX	LiveHire	48.3%	101.9%	105.7%	24.4x	17.3x	8.8x	3.8x	-12.4x	-29.8x	11.1x	-11.6x	-22.0x	19.1x
<b>US SaaS Companies (in USD)(consensus forecasts)</b>														
ADBE.O	Adobe Inc	20.2%	14.4%	14.6%	17.6x	15.7x	13.7x	11.9x	31.5x	27.6x	24.6x	42.9x	37.2x	31.9x
CRM	Salesforce.Com Inc	21.7%	18.7%	17.2%	9.3x	7.9x	6.6x	5.6x	26.6x	22.1x	19.1x	67.2x	55.5x	44.5x
SHOP.K	Shopify Inc	50.5%	30.9%	34.1%	45.4x	31.8x	24.3x	18.1x	291.4x	219.0x	123.9x	284.3x	248.2x	166.0x
SQ	Square Inc	50.7%	18.4%	18.1%	10.4x	7.7x	6.5x	5.5x	152.8x	96.7x	65.9x	196.6x	128.6x	89.8x
NOW	ServiceNow Inc	27.0%	25.9%	25.9%	23.5x	17.1x	13.6x	10.8x	55.0x	43.8x	33.8x	92.0x	71.6x	55.9x
ZM.O	Zoom Video Communications	44.6%	19.7%	26.6%	39.6x	23.4x	19.5x	15.4x	70.3x	60.9x	52.8x	85.0x	78.2x	64.2x
TWLO.K	Twilio Inc	38.8%	30.8%	31.1%	30.0x	24.7x	18.9x	14.4x	1207.8x	439.3x	171.7x	NaN	1282.7x	449.3x
WDAY.O	Workday Inc	15.6%	18.2%	17.6%	12.4x	11.7x	9.9x	8.4x	50.5x	41.2x	33.1x	87.8x	71.1x	55.3x
TEAM.O	Atlassian Corporation PLC	25.8%	15.7%	23.0%	27.0x	28.9x	24.9x	20.3x	115.9x	107.1x	80.8x	183.9x	163.8x	124.1x
CRWD.O	CrowdStrike Holdings Inc	51.0%	33.5%	27.7%	53.9x	34.5x	25.8x	20.2x	292.7x	178.4x	104.0x	700.4x	330.8x	182.4x
DOCU.O	DocuSign Inc	35.8%	28.1%	25.0%	30.9x	21.9x	17.1x	13.7x	125.4x	89.6x	80.2x	170.0x	119.9x	98.4x
VEEV.K	Veeva Systems Inc	20.4%	18.7%	17.1%	27.6x	23.4x	19.7x	16.9x	61.1x	51.2x	41.6x	87.3x	74.4x	63.7x
OKTA.O	Okta Inc	30.4%	29.4%	28.3%	39.7x	31.8x	24.5x	19.1x	NaN	823.7x	186.2x	NaN	NaN	440.9x
RNG	RingCentral Inc	25.6%	23.2%	23.1%	29.6x	20.0x	16.2x	13.2x	146.0x	112.0x	82.7x	260.0x	204.2x	157.7x
DDOG.O	Datadog Inc	38.1%	32.8%	29.6%	48.3x	30.6x	23.0x	17.8x	391.5x	214.2x	134.6x	631.5x	321.0x	238.3x
WORK.K	Slack Technologies Inc	28.6%	29.0%	-3.2%	26.1x	20.5x	15.9x	16.4x	NaN	546.7x	NaN	NaN	541.3x	NaN
PAYC.K	Paycom Software Inc	20.1%	24.2%	22.5%	30.9x	22.8x	18.3x	15.0x	58.0x	45.2x	36.2x	91.7x	70.4x	54.2x
COUP.O	Coupa Software Inc	25.4%	24.9%	24.0%	43.3x	30.2x	24.2x	19.5x	606.4x	294.9x	107.6x	NaN	443.3x	198.1x
ZEN	Zendesk Inc	27.4%	24.9%	24.0%	16.4x	13.3x	10.6x	8.6x	125.9x	87.3x	63.5x	214.6x	138.0x	89.4x
LPSN.O	LivePerson Inc	25.7%	23.8%	23.6%	11.2x	7.9x	6.4x	5.2x	96.8x	60.7x	39.7x	NaN	850.3x	90.4x
	<b>Mean Average</b>	<b>31.2%</b>	<b>24.3%</b>	<b>22.5%</b>	<b>28.7x</b>	<b>21.3x</b>	<b>17.0x</b>	<b>13.8x</b>	<b>217.0x</b>	<b>178.1x</b>	<b>78.0x</b>	<b>213.0x</b>	<b>275.3x</b>	<b>141.8x</b>
	<b>Median Average</b>	<b>27.2%</b>	<b>24.6%</b>	<b>23.8%</b>	<b>28.6x</b>	<b>22.4x</b>	<b>17.7x</b>	<b>14.7x</b>	<b>120.6x</b>	<b>93.2x</b>	<b>65.9x</b>	<b>170.0x</b>	<b>138.0x</b>	<b>90.4x</b>
<b>ASX Tech Comps (consensus forecasts)(in market cap order)</b>														
apt.ax	Afterpay Ltd	80.0%	62.9%	39.9%	31.2x	36.1x	22.1x	15.8x	405.7x	143.6x	75.9x	NaN	323.5x	153.8x
xro.ax	Xero Ltd	18.8%	24.0%	22.5%	13.7x	26.4x	21.3x	17.3x	93.5x	80.4x	56.8x	349.1x	286.1x	154.3x
wtc.ax	WiseTech Global Ltd	17.1%	21.7%	20.7%	14.2x	19.9x	16.3x	13.5x	54.7x	42.3x	31.7x	105.8x	77.1x	55.2x
alu.ax	Altium Ltd	-1.1%	13.1%	19.7%	15.0x	15.6x	13.8x	11.5x	41.1x	35.8x	30.5x	67.2x	58.5x	47.5x
nwl.ax	Netwealth Group Ltd	21.6%	16.6%	11.7%	16.9x	24.1x	20.6x	18.5x	44.5x	38.4x	34.9x	65.8x	56.7x	50.6x
tne.ax	TechnologyOne Ltd	6.7%	10.0%	9.5%	8.2x	9.3x	8.4x	7.7x	24.9x	21.4x	18.2x	45.4x	39.7x	32.9x
lnk.ax	Link Administration Holdings L	-3.4%	3.0%	2.6%	2.6x	3.0x	2.9x	2.8x	13.3x	11.8x	10.9x	22.5x	18.0x	15.6x
mp1.ax	Megaport Ltd	36.4%	43.1%	38.2%	29.5x	26.8x	18.7x	13.5x	NaN	286.5x	60.8x	NaN	NaN	329.0x
eml.ax	EML Payments Ltd	53.9%	33.3%	21.2%	2.4x	3.8x	2.9x	2.4x	13.6x	9.3x	6.7x	68.1x	42.7x	31.2x
apx.ax	Appen Ltd	4.4%	15.0%	15.0%	4.9x	3.0x	2.6x	2.3x	16.6x	13.8x	11.7x	31.5x	25.2x	20.5x
pph.ax	Pushpay Holdings Ltd	45.7%	11.8%	13.2%	4.8x	7.9x	7.1x	6.3x	26.9x	22.2x	17.7x	45.4x	31.8x	25.0x
ddr.ax	Dicker Data Ltd	NaN	NaN	NaN	1.0x	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
hub.ax	Hub24 Ltd	18.0%	27.3%	16.2%	5.0x	12.5x	9.8x	8.5x	47.7x	31.1x	25.4x	90.0x	55.4x	44.6x
nxl.ax	Nuix Ltd	4.6%	12.5%	18.1%	7.1x	6.7x	5.9x	5.0x	19.0x	16.1x	11.9x	70.8x	46.0x	29.6x
fcl.ax	FINES Corporation Holdings F	9.7%	10.2%	11.0%	7.1x	7.6x	6.9x	6.2x	104.0x	60.5x	41.0x	NaN	NaN	NaN
hsn.ax	Hansen Technologies Ltd	3.1%	-3.2%	2.9%	2.4x	4.0x	4.2x	4.0x	10.5x	12.6x	12.3x	15.8x	20.1x	19.6x
nea.ax	Nearmap Ltd	15.3%	20.3%	23.7%	10.2x	8.3x	6.9x	5.6x	49.9x	39.7x	21.6x	NaN	NaN	NaN
bet.ax	Betmakers Technology Group	192.4%	218.8%	19.5%	24.5x	37.9x	11.9x	10.0x	NaN	145.3x	132.2x	NaN	438.3x	NaN
bvs.ax	Bravura Solutions Ltd	-11.3%	12.9%	7.9%	3.8x	2.8x	2.5x	2.3x	13.1x	10.4x	9.6x	21.5x	17.5x	16.0x
sko.ax	Serko Ltd	-36.3%	144.6%	86.4%	5.3x	42.7x	17.5x	9.4x	NaN	NaN	46.9x	NaN	NaN	62.2x
dub.ax	Dubber Corp Ltd	94.2%	82.6%	50.0%	18.3x	26.5x	14.5x	9.7x	NaN	NaN	101.6x	NaN	NaN	255.0x
nto.ax	Nitro Software Ltd	19.2%	22.3%	27.4%	14.4x	9.1x	7.4x	5.8x	NaN	NaN	NaN	NaN	NaN	NaN
ifm.ax	Infomedia Ltd	1.7%	10.2%	11.7%	5.8x	5.2x	4.7x	4.2x	10.9x	9.4x	8.1x	30.6x	26.8x	22.0x
vgl.ax	Vista Group International Ltd	32.2%	24.0%	11.6%	4.1x	4.6x	3.7x	3.4x	26.6x	17.9x	14.6x	NaN	52.4x	36.2x
elo.ax	ELMO Software Ltd	38.7%	33.2%	24.6%	9.8x	6.7x	5.0x	4.0x	NaN	NaN	74.3x	NaN	NaN	NaN
iri.ax	Integrated Research Ltd	-23.7%	13.4%	9.9%	6.0x	5.2x	4.6x	4.2x	18.1x	11.6x	10.0x	43.8x	23.5x	19.2x
pps.ax	Praemium Ltd	31.3%	19.7%	10.2%	2.7x	5.8x	4.8x	4.4x	23.9x	17.5x	14.4x	82.4x	39.9x	34.1x
wsp.ax	Whispir Ltd	27.1%	28.4%	27.3%	5.4x	7.4x	5.7x	4.5x	NaN	NaN	NaN	NaN	NaN	NaN
bth.ax	Bigtincan (Consensus ests)	49.2%	29.6%	23.4%	6.7x	7.1x	5.5x	4.4x	NaN	NaN	288.5x	NaN	NaN	NaN
wzr.ax	WISR Ltd	NaN	NaN	NaN	39.2x	16.2x	8.1x	4.3x	NaN	NaN	NaN	NaN	NaN	24.5x
lvt.ax	Livetiles Ltd	17.8%	21.3%	26.3%	4.4x	3.5x	2.9x	2.3x	NaN	NaN	35.0x	NaN	NaN	NaN
gtk.ax	Gentrack Group Ltd	-6.8%	4.8%	8.2%	1.2x	1.6x	1.6x	1.4x	80.6x	20.3x	11.6x	NaN	NaN	52.5x
evs.ax	Envirosuite Ltd	107.9%	16.8%	15.5%	5.4x	2.6x	2.2x	1.9x	NaN	147.5x	14.2x	NaN	NaN	NaN
lvh.ax	LiveHire (Consensus)	52.6%	91.6%	91.2%	9.8x	18.3x	9.6x	5.0x	NaN	NaN	22.6x	NaN	NaN	52.0x
and.ax	Ansarada Group Ltd	NM	18.3%	14.5%	2.6x	2.7x	2.3x	2.0x	24.6x	14.1x	10.8x	NaN	NaN	NaN
dug.ax	DUG Technology Ltd	29.9%	14.2%	19.5%	3.0x	2.0x	1.7x	1.4x	13.9x	8.0x	5.5x	NaN	NaN	15.3x
bid.ax	Bill Identity (consensus foreca	59.1%	53.3%	37.4%	7.7x	5.5x	3.6x	2.6x	NaN	20.8x	7.5x	NaN	37.4x	10.8x
vit.ax	Vault Intelligence Ltd	NaN	NaN	NaN	7.8x	NULL	NULL	NULL	NULL	NULL	NULL	NaN	NaN	NaN
ada.ax	Adacel Technologies Ltd	1.5%	6.4%	3.5%	0.8x	1.7x	1.6x	1.5x	7.4x	6.9x	6.4x	12.1x	11.8x	10.8x
mpw.ax	MSL Solutions Ltd				0.7x									
	<b>Mean Average ASX Tech Com</b>	<b>27.3%</b>	<b>32.1%</b>	<b>22.1%</b>	<b>8.6x</b>	<b>10.9x</b>	<b>7.5x</b>	<b>5.9x</b>	<b>33.9x</b>	<b>42.7x</b>	<b>36.5x</b>	<b>68.7x</b>	<b>70.2x</b>	<b>56.4x</b>
	<b>Median ASX Tech Comps</b>	<b>18.4%</b>	<b>19.7%</b>	<b>18.1%</b>	<b>5.8x</b>	<b>6.9x</b>	<b>5.6x</b>	<b>4.4x</b>	<b>24.6x</b>	<b>20.3x</b>	<b>17.7x</b>	<b>45.4x</b>	<b>39.8x</b>	<b>32.1x</b>

Source: Sequoia estimates for BTH; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY21 in most cases); FY2 means forecast year 2 (FY22 mostly)



## BTH: Potential Share Price Catalysts

1. Quarterly cash flow and operations reports demonstrating continued growth in customers, deployments and revenues. Maintaining or improving the customer retention rate.
2. Major new customer wins, especially in targeted verticals such as Healthcare and Financials. (In a high valuation sector like IT software, it is essential that BTH maintains a steady flow of new customer wins to keep the market satisfied).
3. Progress with integrations of recent acquisitions, particularly the technology integration.
4. New acquisitions. We expect BTH to remain acquisitive, but be highly selective.
5. New country launches (e.g. BTH's investment in Japan recently stepped up a gear with the appointment of NTT DoCoMo as BTH's local sales partner).
6. Becoming NPAT positive (we expect in FY24), depending on the level of growth investment BTH decides to make. BTH was already cash-flow positive in FY20, aided by a \$10.8m working capital benefit. However we expect an \$8m cash outflow this year due to accelerated spend on integration of acquisitions.

## Growth Drivers

We have identified 8 growth drivers for BTH:

1. Cloud, remote working and the mobile business device revolution (These drivers were strong before Covid, but have only become stronger since the pandemic).
2. Software as a Service (SaaS) a strong growth segment within IT.
3. Sales enablement software is a US\$5.6bn market opportunity by 2023 according to Aragon Research, and still a relatively new category.
4. BTH is already established as one of the industry sector leaders, recognised by Gartner, Aragon Research and other research houses; And BTH has won the CODIE industry award for a second time in 2020.
5. Technology leadership and innovation - BTH continues to invest strongly in R&D (~A\$2.0m pa) and in acquisitions which expand BTH's technical capabilities. The acquisitions of Agnitio (virtual sales rooms) and VoiceVibes (AI driven voice analytics and sales coaching) are exciting examples of BTH's strategic direction. We can easily see how these new capabilities can be deployed across BTH's existing customer base to add further significant value to customers, and grow group revenue.
6. US market penetration still low (just 35 of the Forbes Global 2,000 companies are customers per 26/8/20 Results presentation).
7. Non-US market penetration even lower.
8. Recent major contract wins point to strong growth momentum in the business E.g. Nike (Sept 2019), Sephora (Dec 2019), DXC (Jan 2020), Red Bull (July 2020), John Hancock (Nov 2020) and Sanofi (April 2021). Please refer Appendix 1 for further details.

## Risks / Negative Factors

1. **The sales enablement software space is highly competitive** and companies such as BTH must continue to invest and to innovate to maintain their competitive position. There appears to be quite a few smaller players who might achieve new success and take market share from BTH.
2. **Customer losses** - BTH has strong customer retention of around 89% for FY20. This seems a very strong figure, but it does also mean that about 11% of customers are leaving each year – for whatever reason.
3. **BTH is still loss making** and is also cash flow negative. So BTH is currently not self-funding, and is dependent on the equity market to fund its growth and continuing losses once the \$59m cash balance is consumed.
4. **Acquisitions still to be integrated** – BTH has made 7 bolt-on acquisitions in the last 3 years (plus one tiny one), and we understand that the gradual integration of these businesses is well underway. There is a risk that the integration or change of control could result in an increase in staff or customer turnover, and the technology integration may not go well.
5. **BTH is now running a global business from two main control points** – Boston and Sydney. There is a risk that BTH may expand too quickly,
6. **Intangible assets** - BTH's assets are largely cash, debtors, intangible assets and people.
7. **Competitors unlisted** – Most of BTH's direct competitors are unlisted private companies, so it is difficult to get financial data on them to compare. However BTH's competitors have the advantage of being able to read all of BTH's ASX announcements, profit results and investor presentations.
8. **Sensitive Data** – Obviously BTH is a custodian of large quantities of commercially sensitive data stored and distributed on behalf of its customers. The risk of a serious data breach or hacking is a constant risk for such a business. BTH must be constantly vigilant to avoid such an occurrence.
9. **Covid** – BTH management reports that there have been both positive and negative impacts from Covid. The main negatives are the difficulty of having face to face meetings with potential new customers; Some customers taking longer to make decisions or not wanting to commit; Some client industries under severe pressure e.g. Hotels and hospitality operators, travel and tourism operators.  
The positive from Covid is the increased acceptance of staff and customers working remotely and needing strong systems to support that flexibility. BTH should be a long-term beneficiary of this trend.

## Appendix 1 – BTH New Customer Wins

BTH: Customers & Distribution Partners		
Customers (& tickers if listed)	Customer's Sector	Distribution partners
<b>At IPO (March 2017):</b> AT&T (NYSE: T)(from 2014) GUESS Inc (GES) Merck & Co (MRK) Zoetis Inc (ZTS) Palo Alto Networks Inc (PANW) Telefonica SA (TEF)	Telecommunications Apparel Pharmaceuticals Pharmaceuticals for pets & livestock Technology / cyber security Telecommunications	<b>At IPO:</b> Apple (strategic technology partner, since 2015) Salesforce.com (strategic technology partner, World's No. 1 CRM) AT&T (since June 2014) Singtel Optus (carrier partner)
<b>Announced post IPO, 2017:</b> <b>T-Mobile (TMUS)(see ASX announcement 8/8/17)</b> Automatic Data Processing (ADP)(expanded) Becton Dickinson & Co (NYSE: BDXA) Abiomed Inc (ABMD) Cryolife Inc (CRY)	<b>Telecomms (see 8/1/19 detail below)</b> Payroll & HR software & services Healthcare - medical device & reagents coy Healthcare - medical device coy Healthcare - cryogenics coy	Verizon Comms Inc (VZ) - 3 year re-seller agt for US (A) Expanded partnerships with Apple & Cisco Expanded partnership with Salesforce.com, achieving 100% CDW (CDW) - (US\$17bn rev, hardware & software coy, Zones (Tier 1 hardware & software solutions coy in US & New partners - Germany, Scandinavia & Italy
<b>Announced 2018:</b> Extreme Networks (EXTR) Syngenta AG (SYNN) Omada Health Thyssen Krupp (TKA)(existing customer expanded) Hologic (HOLX)(existing customer 5+ yrs expanded) Hino Trucks (existing customer expanded) Cardinal Health (CAH)(customer example) Eaton Corp plc (ETN) EMC Corp (DELL) Prudential Insurance plc (PUK) Deloitte Cushman & Wakefield plc (CWK)	Network equipment European agro-chemical & seed coy Digital healthcare company based in San Francisco Industrial engineering & steel. Healthcare (breast & skeletal health)(2,000+ reps) Truck division of Toyota (250 dealers, 6,000 users) Healthcare & logistics (thousands of salespeople) World's largest power management coy, in 175 countries Technology (Dell acquired EMC in 2016) Insurance Accounting & Consulting Real estate management	Connection.com (Global IT solutions coy in 174 countries) Cancom.com (Global IT solutions coy) BPM Works (Sales enablement coy - digital playbooks) Jamf (mobile device mgt for Apple devices, 4,000 customers)
<b>Announced 2019:</b> <b>T-Mobile (TMUS)(see ASX announcement 8/1/19)</b> American Express (AXP) CA Technologies (Broadcom AVGO)(nee Computer Associates) McKesson Corp (MCK) Guardian Life Acushnet (Titleist)(GOLF) Anheuser Busch Inbev (BUD) Pacific Life Microsoft (MSFT) Major League Baseball Campbell's Soup (CPB) <b>Eaton Corp (see ASX announcement 6/2/20)</b> <b>Openreach (BT Group plc BT)(see ASX 17/4/20)</b> Mohawk Industries / Dal-Tile (MHK) Scoot (Singapore Airlines)(C6L) Pentair plc (PNR) A.O. Smith Corp (AOS) <b>Brookdale Senior Living (BKD)(see ASX 11/7/19)</b> <b>Anheuser Busch Inbev (BUD)(expansion)(see ASX 18/7/19)</b> Sony Playstation (expansion for unique AR application) <b>Nike Inc (NKE)(see ASX announcement 9/9/19)</b> Wyndham Destinations (WYND) ABB Ltd (ABB)(Swiss / Swedish coy) Stratasys Ltd (SSYS) BMT Group Cogeco Connection Phoenix Contact <b>Sephora (LVMH)(refer AX announcement 2/12/19)</b>	<b>Telecomms (~23,000 iPads in 5,500 locations)(additional \$7.2m making \$11.5m 3 yrs)</b> Credit cards Technology Pharmaceuticals distribution Insurance Leisure products Multinational drinks & brewing coy Insurance Technology Sports / Leisure Food <b>Electricity (\$2.7m over 3 years)</b> <b>Telecomms (\$615k 1 year, + options to extend)</b> Largest Ceramic tile manufacturer in the US Airlines / Transportation Water treatment coy Manufacturer of water heaters and boilers Operates > 1,000 Retirement communities (existing customer expanded)(\$1.5m over 2 yrs) Multinational drinks & brewing coy (TCV: \$0.7m pa) Computer games / Entertainment <b>Footwear, apparel, equipment &amp; accessories (\$2.8m over 3 yrs)</b> Hotels & Timeshare operator (RCI)(> 3,500 users) Robotics, power heavy electrical equipment Manufacturer of 3D printers Marine engineering, IT & consulting 2nd largest cable operator in Quebec & Ontario Industrial automation coy in Germany <b>Personal care &amp; beauty, 2,600 stores in 34 countries (\$2.8m over 3.5 yrs)</b>	Stratix Corporation, Atlanta Pivot Networks, Dallas NTT Docomo Inc (TO: 9437), Japan (carrier partner) Compucon Software (COMPUSOFT) Adobe Inc (ADBE) Cisco Systems (CSCO) - Solution Partner
<b>Announced 2020:</b> Mastercard (NYSE: MA) Brown Brothers Wines American Orthodontics Corp Waters Corporation (NYSE: WAT) Invitae Corporation (NYSE: NVTA) WL Gore & Associates Inc (Goretex) Disys (Digital Intelligence Systems LLC) <b>DXC Technology Services (refer ASX ann. 31/1/20)</b> Mass Mutual (Massachusetts Mutual Life)(Fortune 500 #84) Emergent Biosolutions (NYSE: EBS) WhiteHat Security (now part of NTT) Socure Inc	Finance / banking / payments Food & beverages Healthcare Healthcare (Lab analytical instrument and software coy) Healthcare - genetics Industrial fabrics IT services <b>IT services (\$6.2m over 2 years, plus 1 yr option)</b> Finance / insurance / funds management Healthcare - drug development and manufacturing. 19 locations, 1,800 staff IT services IT services	
<b>Red Bull (announced 2/7/20)</b> <b>John Hancock (announced 3/11/20)</b>	<b>Beverages (\$1.8m contract over 30 mths; option for further 60 mths)</b> <b>Financial services (\$1.0m contract over 3 years)</b>	
<b>Announced 2021:</b> Lexmark Allurion Technologies Inc SAGE Publishing Algorithm Inc Moleac (Singapore) Heel GmbH (Germany) Otto Bock Kofax Waters Technology - expansion to 33 countries	Technology (printing & imaging software) Medical device coy (gastric balloons) Newspaper publisher in Wyoming IT (ERP services, software & support) Healthcare (bio-pharmaceuticals helping stroke sufferers) Healthcare Healthcare IT Healthcare (Lab analytical instrument and software coy)	Integration with Microsoft Teams remote platform

Source: Company announcements, quarterlies and Annual Reports. NB This list is not meant to be exhaustive.

Separate ASX releases (implying material announcements or contract values) highlighted in yellow

## Appendix 2 – BTH Competitive Landscape

We have summarised some basic facts on BTH’s main competitors as identified in the recent Gartner report - “Market Guide for Sales Enablement Platforms,” dated 5/8/20.

We estimate that BTH is now the 5<sup>th</sup> largest Sales Enablement software provider in terms of staff numbers, but possibly now the largest in terms of customer numbers following the ClearSlide acquisitions in December 2020.

The staffing numbers are taken from LinkedIn, and may not include all staff and contractors, as not all staff members would use LinkedIn – but we think it is still a useful guide to the size of each competitor (which are all unlisted).

BTH estimates that Seismic is still the market leader in terms of revenue (possibly at ~\$100m annual revenue), but no reliable data is available as Seismic is unlisted.

A	B	C	D	E	F	G	H	I	J
Employee No's Rank	Company / website (in order of employee numbers)	Product, Service or Solution name	Digital Content Management	Sales Training	Sales Coaching	Head Office	Employees (on LinkedIn)	Followers (on LinkedIn)	Customers
	<a href="http://www.bigtincan.com">www.bigtincan.com</a>	BigTinCan Hub	✓	✓	✓	Boston	200	7,654	>400
	<a href="http://www.clearslide.com">www.clearslide.com</a>	ClearSlide	✓			San Francisco	51	14,589	>500
	<a href="http://www.agnitio.com">www.agnitio.com</a>	Agnitio				Copenhagen	42	4,505	?
	<a href="http://www.myvoicevibes.com">www.myvoicevibes.com</a>	VoiceVibes			✓	Baltimore	6	254	?
5	BTH combined		✓	✓	✓		299	27,002	>1,000
1	<a href="http://www.seismic.com">www.seismic.com</a>	Seismic	✓			San Diego	956	22,216	>600
2	<a href="http://www.highspot.com">www.highspot.com</a>	Highspot	✓	✓		Seattle	561	12,651	300
3	<a href="http://www.mindtickler.com">www.mindtickler.com</a>	MindTickle		✓	✓	San Francisco	412	22,324	
4	<a href="http://www.showpad.com">www.showpad.com</a>	Showpad Sales Enablement Platform	✓	✓	✓	Ghent (Belgium)	410	25,692	
5	BTH combined	Bigtincan Hub	✓	✓	✓		299	27,002	>1,000
6	<a href="http://www.brainshark.com">www.brainshark.com</a>	Brainshark Pro, Brainshark Premier	✓	✓	✓	Boston	226	17,097	
7	<a href="http://www.lessonly.com">www.lessonly.com</a>	Lessonly		✓	✓	Indianapolis	206	11,302	
8	<a href="http://www.accent-technologies.com">www.accent-technologies.com</a>	Accent Connect, Accent CRM Supercharger, Accent Accelerator	✓	✓	✓	Florida (Melbourne)	161	4,928	
9	<a href="http://www.allego.com">www.allego.com</a>	Allego		✓	✓	Needham Massachusetts	125	6,378	
10	<a href="http://www.medialfy.com">www.medialfy.com</a>	Mediafly	✓			Chicago	99	2,708	
11	<a href="http://www.apparound.com">www.apparound.com</a>	Apparound	✓	✓		Pisa, Italy	88	3,895	
12	<a href="http://www.saleshood.com">www.saleshood.com</a>	SalesHood		✓	✓	San Francisco	76	3,529	
13	<a href="http://www.pitcher.com">www.pitcher.com</a>	Pitcher	✓	✓	✓	Zurich (Switzerland)	75	5,515	
14	<a href="http://www.qomodus.com">www.qomodus.com</a>	Modus Sales Hub	✓	✓	✓	Minneapolis	43	1,635	

Source: Columns B to F: Gartner - Market Guide for Sales Engagement Platforms, 5/8/20 (can download from BTH website)  
 Source: Columns G, H & I from LinkedIn; Column J from company websites



Bigtincan Holdings (BTH)

\$ 0.830

## Profit &amp; Loss

Year end June \$m	FY19	FY20	FY21e	FY22e	FY23e
Op. Revenue	19.9	31.0	43.5	56.8	71.1
Revenue growth %	51.3%	56.0%	40.2%	30.5%	25.2%
Cost of Goods Sold	(2.4)	(4.8)	(6.5)	(8.2)	(10.0)
<b>Gross Profit</b>	<b>17.5</b>	<b>26.2</b>	<b>37.0</b>	<b>48.5</b>	<b>61.1</b>
<b>Gross Profit Margin</b>	<b>87.8%</b>	<b>84.6%</b>	<b>85.0%</b>	<b>85.5%</b>	<b>86.0%</b>
Other Income	1.9	0.6	0.0	0.0	0.0
Cash Operating Expenses	(22.5)	(33.6)	(46.4)	(53.8)	(59.0)
Share-based payments	(0.5)	(1.2)	(1.2)	(1.3)	(1.4)
<b>EBITDA</b>	<b>-3.3</b>	<b>-7.9</b>	<b>-10.6</b>	<b>-6.5</b>	<b>0.7</b>
<b>Ebitda Margin</b>	<b>-16.4%</b>	<b>-25.6%</b>	<b>-24.4%</b>	<b>-11.5%</b>	<b>1.0%</b>
Depreciation & Amort	(0.5)	(2.0)	(2.4)	(2.7)	(3.0)
<b>EBIT</b>	<b>-3.8</b>	<b>-10.0</b>	<b>-13.0</b>	<b>-9.2</b>	<b>-2.2</b>
<b>Ebit Margin</b>	<b>-18.9%</b>	<b>-32.2%</b>	<b>-30.0%</b>	<b>-16.2%</b>	<b>-3.1%</b>
Net Interest Income (Expense)	0.1	0.0	(0.1)	(0.1)	(0.1)
Share of Assoc NPAT	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax profit</b>	<b>(3.7)</b>	<b>(9.9)</b>	<b>(13.1)</b>	<b>(9.3)</b>	<b>(2.3)</b>
Income Tax Credit (Expense)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Tax Rate</b>	<b>2.3%</b>	<b>0.7%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>4.3%</b>
Minorities (share of loss)	0.0	0.0	0.0	0.0	0.0
Abnormals	-0.3	-2.2	-6.9	-1.0	0.0
<b>NPAT (reported)</b>	<b>-4.1</b>	<b>-12.2</b>	<b>-20.2</b>	<b>-10.4</b>	<b>-2.4</b>
Adjustments (Abnormals)	0.3	2.2	6.9	1.0	0.0
<b>NPAT (normalised)</b>	<b>-3.8</b>	<b>-10.0</b>	<b>-13.2</b>	<b>-9.4</b>	<b>-2.4</b>

## Balance Sheet

Cash	25.1	71.4	54.4	47.7	52.7
Receivables	5.1	4.8	6.7	8.7	8.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other	2.5	3.3	3.3	3.2	3.2
<b>Total current assets</b>	<b>32.7</b>	<b>79.4</b>	<b>64.4</b>	<b>59.5</b>	<b>64.8</b>
PP&E	0.2	2.3	2.3	2.3	2.3
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	12.9	31.0	73.1	79.3	82.1
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.4	0.4	0.4	0.4
<b>Total non-current assets</b>	<b>13.4</b>	<b>33.7</b>	<b>75.8</b>	<b>81.9</b>	<b>84.7</b>
<b>Total Assets</b>	<b>46.2</b>	<b>113.0</b>	<b>140.2</b>	<b>141.5</b>	<b>149.6</b>
Payables	-1.6	-1.4	-4.9	-6.4	-8.0
Interest bearing liabilities - Cu	0.0	-0.9	-0.9	-0.9	-0.9
Deferred revenue - current	-9.1	-18.5	-22.2	-26.7	-32.0
Provisions	-0.5	-0.9	-0.9	-0.9	-0.9
Other	-3.1	-5.6	-5.6	0.9	0.9
<b>Total Current Liabilities</b>	<b>-14.2</b>	<b>-27.3</b>	<b>-34.6</b>	<b>-34.0</b>	<b>-40.9</b>
Interest-bearing liabilities - No	0.0	-1.2	-1.2	-1.2	-1.2
Deferred revenue - non-curren	-0.5	-1.1	-1.1	-1.1	-1.1
Provisions	-0.1	-0.1	-0.1	-0.2	-0.2
Other	-2.8	-1.5	-8.8	-19.5	-23.0
<b>Total Non-current Liabilities</b>	<b>-3.4</b>	<b>-3.9</b>	<b>-11.2</b>	<b>-21.9</b>	<b>-25.5</b>
<b>Total Liabilities</b>	<b>-17.6</b>	<b>-31.3</b>	<b>-45.8</b>	<b>-55.9</b>	<b>-66.4</b>
<b>Total Shareholders' Equity</b>	<b>28.6</b>	<b>81.8</b>	<b>94.4</b>	<b>85.6</b>	<b>83.2</b>

## Interims

Year end June	1H20	2H20	1H21	2H21e	FY21e
<b>Sales</b>	<b>14.3</b>	<b>16.7</b>	<b>18.9</b>	<b>24.5</b>	<b>43.5</b>
<b>Sales Growth (%)</b>	<b>51.2%</b>	<b>60.2%</b>	<b>32.8%</b>	<b>46.6%</b>	<b>40.2%</b>
<b>EBITDA profit (loss)</b>	<b>-2.2</b>	<b>-5.7</b>	<b>-4.1</b>	<b>-6.5</b>	<b>-10.6</b>
<b>EBITDA Margin</b>	<b>-15.6%</b>	<b>-34.1%</b>	<b>-21.8%</b>	<b>-26.4%</b>	<b>-24.4%</b>
EBIT	-3.2	-6.8	-5.2	-7.8	-13.0
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0	0.0
NPAT (Reported)	-4.0	-8.2	-7.9	-12.3	-20.2
<b>NPAT (Adjusted)</b>	<b>-3.2</b>	<b>-6.8</b>	<b>-4.3</b>	<b>-8.9</b>	<b>-13.2</b>
<b>EPS (adjusted)(cents)</b>	<b>-1.1</b>	<b>-2.2</b>	<b>-1.1</b>	<b>-2.2</b>	<b>-3.3</b>
<b>EPS Growth</b>	<b>42.7%</b>	<b>154.6%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Source: Sequoia estimates

## Per share &amp; Ratio data

Year end June	FY19	FY20	FY21e	FY22e	FY23e
Shares on Issue - Wavge (l	228.2	302.8	395.2	422.7	422.7
Shares on Issue - at y/end	261.9	378.6	412.0	415.0	415.0
Reported EPS (cents)	(1.8)	(4.0)	(5.1)	(2.5)	(0.6)
<b>Growth</b>	<b>-52.2%</b>	<b>125.2%</b>	<b>26.6%</b>	<b>-51.8%</b>	<b>-76.6%</b>
P/E ratio (x)	-46.4x	-20.6x	-16.3x	-33.7x	-144.2x
<b>EPS (normalised)(cents)</b>	<b>(1.6)</b>	<b>(3.3)</b>	<b>(3.3)</b>	<b>(2.2)</b>	<b>(0.6)</b>
<b>Growth</b>	<b>-56.0%</b>	<b>100.7%</b>	<b>1.3%</b>	<b>-33.6%</b>	<b>-74.1%</b>
P/E ratio (x)	-50.4x	-25.1x	-24.8x	-37.3x	-144.2x
DPS (cents)	0.0	0.0	0.0	0.0	0.0
<b>Yield</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
OCF per share (cents)	-2.9	0.6	-1.8	-0.6	1.7
Price/OCF (x)	-28.9x	136.9x	-45.2x	-129.4x	47.6x
Enterprise Value \$m	316.9	272.7	289.6	296.4	291.3
<b>EV/ Sales</b>	<b>15.9x</b>	<b>8.8x</b>	<b>6.7x</b>	<b>5.2x</b>	<b>4.1x</b>
EV/EBITDA	-97.1x	-34.4x	-27.3x	-45.5x	403.1x
EV/EBIT	-84.5x	-27.3x	-22.2x	-32.2x	-130.4x
<b>Liquidity &amp; Leverage</b>					
Net Cash (Debt) \$m	25.1	69.3	52.4	45.6	50.7
Net Debt / Equity %	n/a	n/a	n/a	n/a	n/a
Net Debt / EBITDA	n/a	n/a	4.9x	7.0x	n/a
ROA (EBIT / T.Assets) %	-8.1%	-8.8%	-9.3%	-6.5%	-1.5%
ROE (NPAT / T.Equity) %	-13.2%	-12.2%	-14.0%	-11.0%	-2.9%
Interest Cover (EBIT)	n/a	n/a	n/a	n/a	n/a
Div Payout % (of adj EPS)	n/a	n/a	n/a	n/a	n/a

## Cash Flow

EBITDA	-3.3	-7.9	-10.6	-6.5	0.7
Chge in Working Capital	-1.4	10.2	5.3	3.9	6.8
Interest Received (Paid)	0.2	0.0	-0.1	-0.1	-0.1
Income taxes paid	0.0	-0.1	-0.1	0.0	0.0
Other	-2.1	-0.4	-1.8	0.0	0.0
<b>Operating cash flows</b>	<b>-6.6</b>	<b>1.8</b>	<b>-7.3</b>	<b>-2.7</b>	<b>7.4</b>
Capex	-0.2	-0.3	-0.3	-0.3	-0.3
Acquisitions	-5.6	-11.6	-36.1	-0.1	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other (Capitalised R&D)	-1.8	-3.5	-5.3	-5.3	-2.0
<b>Net investing cash flows</b>	<b>-7.6</b>	<b>-15.4</b>	<b>-41.7</b>	<b>-5.7</b>	<b>-2.3</b>
Equity raised (bought back)	15.5	60.7	32.0	1.6	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.9	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>15.5</b>	<b>59.8</b>	<b>32.0</b>	<b>1.6</b>	<b>0.0</b>
<b>Change in Cash</b>	<b>1.3</b>	<b>46.2</b>	<b>-16.9</b>	<b>-6.8</b>	<b>5.1</b>

## Revenue by Geography

Australia	1.3	1.8	2.4	3.0	3.7
United States	16.5	28.2	38.6	49.0	59.4
Rest of World	2.1	1.0	2.6	4.8	7.9
Acqns (Veelo, Asdeq, Xl)	0.0	0.0	0.0	0.0	0.0
<b>Total Revenue</b>	<b>19.9</b>	<b>31.0</b>	<b>43.5</b>	<b>56.8</b>	<b>71.1</b>
Revenue Growth	51.3%	56.0%	40.2%	30.5%	25.2%

## Directors Shareholdings

	Shares (m)	% of coy	Options (m)
Tom Amos, Chairman (INED)	0.373	0.1%	0.000
David Keane, CEO (based in Boston)	23.058	5.6%	0.000
Wayne Stevenson (INED)	0.403	0.1%	0.000
John Scull (NED)(based in Palo Alto, California)	6.926	1.7%	0.000

## Major Shareholders

	Shares (m)	% of coy
Regal Funds Management Pty Ltd	38.751	9.4%
Australian Ethical Investment Limited	28.500	6.9%
Keane (Lai Sun)(spouse of David Keane, CEO)	22.290	5.4%
Jensen/Cohen Holdings Pty Ltd	9.580	2.3%
Southern Cross Venture Partners (related to Joh	6.930	1.7%

Source: ASX announcements, Refinitiv

## SEQUOIA FINANCIAL GROUP (ASX: SEQ) - About Us

Sequoia Financial Group is a boutique investment house known for the quality of its advice, the strength of its relationships and depth of expertise across financial markets. The Group has also expanded into corporate advisory, equity capital markets, institutional dealing and financial planning.

Sequoia Financial Group is listed on the Australian Securities Exchange and trades under the stock code SEQ. We provide:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services.

With offices in Melbourne, Sydney and Gold Coast, Sequoia Financial Group provides products and services to self-directed retail and wholesale clients and those of third-party professional service firms. Our group includes:

- **Sequoia Wealth Management** - is a holder of an Australian Financial Services License (AFSL). Our aim is to provide exceptional unbiased advice to high net wealth individuals, families and institutional investors.

Our team of diverse experts provide provides strategic and tailored investment advice to our clients. We specialise in advising our clients on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending, cash solutions and much more.

Our services are designed for individuals and family offices all seeking unbiased financial and strategic structuring advice.

- **Sequoia Direct** - offers self-directed investors a variety of investment opportunities. Most of our clients sign up to our award winning online ASX share and option trading service, where others, use our service to gain access to various investment opportunities such as IPOs & capital raising opportunities.

- **Sequoia Corporate Finance** - is a leading Australian small and mid-market corporate adviser. We apply our knowledge, extensive contacts, expertise and professionalism to deliver best-practice, objective advice in the following disciplines: Public market M&A; Private treaty M&A; Equity capital markets; Capital management and restructuring; Corporate and strategic advice.

- **InterPrac Financial Planning** - The easy choice for client-focussed and accountant-aligned financial planners to deliver superior integrated and practical solutions.

- **Sequoia Asset Management Pty Ltd** - is an investment services firm and holder of an Australian Financial Services License. Our team of experts provide general advice on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending and cash solutions.

- **Sequoia Superannuation Pty Ltd (SS)** - provides a complete solution to the SMSF market, designed specifically for anyone that has or wants a SMSF. SS also provides SMSF solutions to financial planners, stock brokers, mortgage brokers and accountants Australia wide.

- **Sequoia Specialist Investments Pty Ltd (SSI)** - Since 2010 SSI has been building innovative investment solutions for Australian investors. SSI works with investors, financial advisers and stockbrokers to develop and deliver investment solutions that meet the needs and objectives of their clients.

Over the years we have developed numerous investments opportunities that give investors access to both local and foreign shares and indices that offer income and capital growth potential.

SSI can also offer a variety of solutions for professional advisers where we can provide white-label solutions for groups that want to retain their own branding.

- **Bourse Data** – is one of Australia’s most trusted and leading suppliers of stock market analysis software and financial market data for private and professional investors and traders.

- **Finance News Network (FNN)** is an independent news organisation, specialising in the production and distribution of online finance news, digital communications and productions services for ASX-listed companies and managed funds. Annually FNN produces over 3,000 video news items and it’s one of the largest suppliers of wholesale online finance video in Australia.

- **Morrison Securities** - provides seamless and cost effective third party stock broking execution solutions to AFSL holders such as financial planners, financial advisors, banks, building societies and trading educators.

Morrison Securities has been providing white labelled trading solutions to Broker Dealers (Shadow Broker) since 2007. We assist broker dealer groups in providing a superior product to their clients by offering a wholesale broking solution and a comprehensive range of white-label products.

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## Recommendation Criteria

### Investment View

The Sequoia Wealth Management (SWM) Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Accumulate	Hold	Reduce	Sell
>20%	10% – 20%	0% – 10%	0% to -10%	>-10%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

### Risk Rating

SWM has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

### ANALYST DISCLOSURE AND CERTIFICATION

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