



# LiveHire Limited (LVH) – Q3 Report

8 new clients in ANZ and zero churn; US 1 new client, pipeline good

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## Recommendation Buy (High Risk)

<b>Risk Rating</b>	<b>High</b>
<b>12-mth Target Price (AUD)</b>	<b>\$0.72 (was \$0.76)</b>
Share Price (AUD)	\$0.37
12-mth Price Range	\$0.125 - \$0.475
Forecast 12-mth Capital Growth	95%
Forecast 12-mth Dividend Yield	0.0%
<b>12-mth Total Shareholder Return</b>	<b>95%</b>
Market cap (\$m)	108.8
Net debt (net cash) (\$m)(Jun 21e)	(12.8)
Enterprise Value (\$m)	96.0
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	294.1
Options / Perf rights on Issue (m)	12.5
Sector	Software & Services
Average Daily Value Traded (\$)	\$101,000
ASX 300 Weight	n/a

## Financial Forecasts & Valuation Metrics

Years ending June \$m	19(A)	20(A)	21(e)	22(e)	23(e)
Sales revenue	2.6	3.5	5.2	10.0	20.6
Sales growth	59%	32%	52%	92%	105%
Operating costs (inc SBI)	-16.3	-16.3	-12.6	-13.6	-14.1
<b>EBITDA</b>	<b>-13.6</b>	<b>-12.8</b>	<b>-7.3</b>	<b>-3.5</b>	<b>6.5</b>
NPAT (reported)	-13.8	-14.6	-9.0	-5.3	4.6
NPAT (adjusted)	-13.8	-14.1	-9.0	-5.3	4.6
EPS (adjusted)	-5.0	-4.7	-3.1	-1.8	1.5
EPS growth	nm	nm	nm	nm	large
DPS	0.0	0.0	0.0	0.0	0.0
OCF /share	-3.6	-3.7	-1.9	-0.2	2.8

## Valuation

P/E	-7.4x	-7.8x	-12.1x	-21.0x	24.3x
P/OCF	-10.3x	-10.1x	-20.0x	-198.4x	13.0x
P / Book	3.0x	4.7x	6.4x	7.9x	5.3x
EV/ Sales	28.9x	25.7x	18.3x	9.8x	4.4x
EV/ Ebitda	-5.6x	-7.0x	-13.1x	-27.8x	14.1x
Cash from Operations	-9.9	-11.0	-5.4	-0.6	8.6
Net Cash (Net Debt)	34.0	20.0	12.8	10.4	17.2
Enterprise Value	75.8	88.8	96.0	98.4	91.6

## LVH SHARE PRICE PERFORMANCE



## Summary

Founded in 2011 LiveHire Limited (LVH) has developed an A-I enabled, candidate-centric, cloud-based platform for enterprises to manage all movements of employees into, around, and out of their organisations on-demand. Communicating via 2-way SMS messaging with candidates, LVH enables organisations to curate private talent clouds/communities of people potentially interested in advance of a job vacancy arising. Recruiters can then typically source 40-100% of their hires directly from the talent community without needing to incur expensive advertising or external recruitment fees. Speed to hire, significant cost and efficiency savings and a superior candidate experience are the key benefits.

LVH currently has 132 enterprise clients (123 ANZ & 9 US / Canada). LVH entered the US market in July 2019 targeting the US\$80bn pa Contingent Workforce / contractor market via a growing list of strategic channel partnerships (now 13 partners).

### Q3 Report – YTD cash receipts +20%; AGR +71%

- SaaS division (mainly ANZ) - Annual Recurring Revenue (ARR) \$4.0m (v \$3.3m pcp) up 3% QoQ and up +60% YoY. 8 new clients signed making 123 in total.
- North America Direct Sourcing revenue ramping up nicely: Q1: A\$72k; Q2: \$242k; Q3: \$398k (+64%); YTD \$712k. So now annualising at A\$1.6m (ARR) up 64% on December.
- Annualised Group Revenue (AGR) \$5.6m (v \$3.3m) +71%.
- Cash receipts (a surrogate for revenue) a record qtr at \$1.5m for Q3 +3% QoQ and up 82% YOY. YTD \$3.9m +20%.
- Cash burn -\$1.5m for Q3 and -\$5.3m for YTD (v -\$10.7m pcp), a significant improvement on the prior year.
- Net cash \$16.0m (v \$17.4m at Dec 2020), sufficient for 2.7 years at the current burn rate.

### US Market Entry a potential game-changer

- 2 new partners added (un-named). Now 13 partnership deals established with reputable North American staffing companies since April 2020 including Ian Martin Group (482 staff), GRI (controls US\$7bn of annual staffing spend), and eTeam (1,400 staff), sufficient to cover the US Fortune 1000 nationally.
- Only 1 new client in the qtr (High 5) was disappointing to us. 9 customers so far, including Ontario and Alberta Health ministries and Enbridge (C\$ 90bn market cap, 12,000 staff).
- Pipeline of 31 opportunities live, 7 at formal proposal stage. Coming qtrs should show strong and accelerating progress.

### Forecasts & Recommendation

We downgrade our FY22 and FY23 revenue forecasts by -4%, and -5% for a slightly slower ramp up of US revenues. FY21e Net loss -\$9.0m (unchanged), FY22e -\$5.3m (was -4.9m) and FY23 profit \$4.6m (was \$5.6m). In our opinion, the Big US growth opportunity for LVH is still intact – just taking longer.

Our base case DCF valuation is \$0.90 (was \$0.95). Our revised 12-mth price target is \$0.72 (was \$0.76) being a 20% discount to our DCF. This represents a 95% 12-month TSR.

We reiterate our STRONG BUY recommendation for the unrecognised major US growth opportunity.

## Changes in Estimates

We have made a number of changes to our forecasts following a review of LVH's Q3 update in this report:

- We lower our FY22 and FY23 US revenue forecasts by -9% and -7% due to longer lead times for new Direct Sourcing clients to be signed, activated and for revenues to ramp up. This reduces our group revenue forecasts by -4% and -5%.
- No change to our FY21 revenue forecasts as we think we were already conservative in our detailed modelling.

### Valuation & Price Target

- Our DCF valuation is reduced by 5% to \$0.90 (was \$0.95) per share.
- Our 12-month price target is reduced by 5% to \$0.72 (was \$0.76), being a 20% discount to our DCF to allow for uncertainty in the new North American Direct Sourcing / Contractor business which is yet to be proven. However we reassured by the progress to date (discussed later in this report).
- With our revised share price target offering a 95% 12-month TSR, we maintain our Strong Buy recommendation.

LiveHire Ltd (LVH)	FY18A	FY19A	FY20A	FY21e			FY22e			FY23e		
Changes in Forecasts				Old	New	Change	Old	New	Change	Old	New	Change
Years ending June \$m												
Revenue - ANZ	1.7	2.6	3.5	4.2	4.2	0.0%	5.6	5.6	0.0%	7.1	7.1	0.0%
Revenue - N. America	0.0	0.0	0.007	1.0	1.0	0.0%	4.9	4.4	-9.2%	14.5	13.5	-6.9%
<b>Group revenue</b>	<b>1.7</b>	<b>2.6</b>	<b>3.5</b>	<b>5.2</b>	<b>5.2</b>	<b>0.0%</b>	<b>10.5</b>	<b>10.0</b>	<b>-4.3%</b>	<b>21.6</b>	<b>20.6</b>	<b>-4.6%</b>
Revenue growth %	113%	59%	32%	52%	52%		100%	92%		106%	105%	
Other income (Govt. grants)	0.5	0.0	0.05	0.0	0.0		0.0	0.0		0.0	0.0	
Cash operating expenses	-9.3	-13.8	-14.0	-10.6	-10.6	0.0%	-11.1	-11.1	0.0%	-11.6	-11.6	0.0%
<b>Ebitda before share based payment</b>	<b>-7.2</b>	<b>-11.2</b>	<b>-10.5</b>	<b>-5.3</b>	<b>-5.3</b>	<b>0.0%</b>	<b>-0.6</b>	<b>-1.0</b>	<b>76.7%</b>	<b>10.0</b>	<b>9.0</b>	<b>-10.0%</b>
Share-based payments	-2.9	-2.5	-2.3	-2.0	-2.0	0.0%	-2.5	-2.5	0.0%	-2.5	-2.5	0.0%
<b>EBITDA</b>	<b>-10.0</b>	<b>-13.6</b>	<b>-12.8</b>	<b>-7.3</b>	<b>-7.3</b>	<b>0.0%</b>	<b>-3.1</b>	<b>-3.5</b>	<b>14.6%</b>	<b>7.5</b>	<b>6.5</b>	<b>-13.3%</b>
Depreciation & Amortisation	-0.6	-0.8	-1.6	-1.8	-1.8	0.0%	-1.9	-1.9	0.0%	-2.0	-2.0	0.0%
<b>EBIT</b>	<b>-10.7</b>	<b>-14.5</b>	<b>-14.4</b>	<b>-9.1</b>	<b>-9.1</b>	<b>0.0%</b>	<b>-5.0</b>	<b>-5.4</b>	<b>9.0%</b>	<b>5.5</b>	<b>4.5</b>	<b>-18.1%</b>
Interest income (expense)	0.6	0.7	0.2	0.1	0.1	0.0%	0.1	0.1	0.0%	0.1	0.1	0.0%
<b>Pretax profit (loss)</b>	<b>-10.1</b>	<b>-13.8</b>	<b>-14.1</b>	<b>-9.0</b>	<b>-9.0</b>	<b>0.0%</b>	<b>-4.9</b>	<b>-5.3</b>	<b>9.2%</b>	<b>5.6</b>	<b>4.6</b>	<b>-17.8%</b>
Tax credit (expense)	0.0	0.0	0.0	0.0	0.0		0.0	0.0		0.0	0.0	
Abnormals - restructure costs			-0.5	0.0	0.0		0.0	0.0		0.0	0.0	
<b>NPAT (reported)</b>	<b>-10.1</b>	<b>-13.8</b>	<b>-14.1</b>	<b>-9.0</b>	<b>-9.0</b>	<b>0.0%</b>	<b>-4.9</b>	<b>-5.3</b>	<b>9.2%</b>	<b>5.6</b>	<b>4.6</b>	<b>-17.8%</b>
Abnormals - restructure costs			-0.5	0.0	0.0		0.0	0.0		0.0	0.0	
<b>NPAT (norm)</b>	<b>-10.1</b>	<b>-13.8</b>	<b>-14.6</b>	<b>-9.0</b>	<b>-9.0</b>	<b>0.0%</b>	<b>-4.9</b>	<b>-5.3</b>	<b>9.2%</b>	<b>5.6</b>	<b>4.6</b>	<b>-17.8%</b>
<b>EPS (norm)</b>	<b>-4.1</b>	<b>-5.0</b>	<b>-4.7</b>	<b>-3.1</b>	<b>-3.1</b>	<b>0.0%</b>	<b>-1.6</b>	<b>-1.8</b>	<b>9.2%</b>	<b>1.9</b>	<b>1.5</b>	<b>-17.8%</b>
DPS	0.0	0.0	0.0	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a
<b>Cash Flow:</b>												
Cash from Operations	-5.8	-9.9	-11.0	-5.4	-5.4	0%	-0.1	-0.6	397%	9.6	8.6	-10%
<b>Balance Sheet:</b>												
Net cash (debt)	30.1	34.0	20.0	13.6	12.8	-5.9%	12.5	10.4	-16.5%	21.1	17.2	-18.3%
Deferred revenue	0.0	-1.0	-1.6	-1.6	-1.6	0.0%	-1.6	-1.6	0.0%	-1.6	-1.6	0.0%
Deferred revenue growth %		#DIV/0!	53%	0%	0%		0%	0%		0%	0%	
Shares on issue (weighted avge)(m)	249.0	274.4	299.9	294.1	294.1	0.0%	302.1	302.1	0.0%	303.1	303.1	0.0%
<b>Valuation:</b>												
DCF valuation (F/D)				\$ 0.96	\$ 0.90	-6.7%						
12-month Price Target (based on a 20% discount to DCF)				\$ 0.77	\$ 0.72	-6.7%						

Source: Sequoia estimates

## Q3 Report Analysed

LVH: Analysis of Quarterly Cash Flow Reports	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	Growth QoQ	Growth Vs pcp YoY	9 mths FY20	9 mths FY21	Change Vs pcp
<b>1. Receipts from customers</b>	<b>1.00</b>	<b>1.43</b>	<b>0.85</b>	<b>1.20</b>	<b>0.89</b>	<b>1.50</b>	<b>1.547</b>	<b>3%</b>	<b>82%</b>	<b>3.28</b>	<b>3.930</b>	<b>20%</b>
<b>2. Cash Payments</b>						<b>Record</b>	<b>Record</b>					
Product and operating costs		(0.3)	(0.3)	(0.3)	(0.2)	(0.3)	(0.033)	-87%	-87%	(0.6)	(0.501)	
Advertising & marketing	(0.2)	(0.2)	(0.1)	(0.2)	(0.0)	(0.1)		-100%	-100%	(0.4)	(0.135)	-70%
Staff costs	(3.2)	(3.4)	(2.7)	(2.4)	(2.3)	(2.2)	(2.141)	-1%	-21%	(9.2)	(6.640)	-28%
Admin & corporate costs	(1.6)	(1.2)	(1.1)	(0.7)	(0.5)	(0.7)	(0.869)	18%	-19%	(3.8)	(2.071)	-46%
Other - staff termination costs			(0.3)	(0.2)						(0.3)	0.000	nm
Government grants & interest	0.2	0.1	0.1	0.1	0.1	0.0	0.029	16%	-59%	0.3	0.138	-59%
<b>Cash expenses</b>	<b>(4.7)</b>	<b>(4.9)</b>	<b>(4.4)</b>	<b>(3.8)</b>	<b>(3.0)</b>	<b>(3.2)</b>	<b>(3.014)</b>	<b>-6%</b>	<b>-31%</b>	<b>(14.0)</b>	<b>(9.209)</b>	<b>-34%</b>
<b>3. Operating Cash flow</b>	<b>(3.7)</b>	<b>(3.5)</b>	<b>(3.5)</b>	<b>(2.6)</b>	<b>(2.1)</b>	<b>(1.7)</b>	<b>(1.467)</b>	<b>-15%</b>	<b>-58%</b>	<b>(10.7)</b>	<b>(5.279)</b>	<b>-51%</b>
4. Investing Cash Flow	(0.0)	0.0	(0.0)	0.1	0.0	0.0	(0.036)	nm	nm	0.0	(0.036)	nm
5. Cash from Financing (Share Issues & options)	0.1	0.0	0.0	0.1	0.1	0.1	0.163	nm	nm	0.1	0.375	nm
<b>6. Net increase (decrease) in cash</b>	<b>(3.70)</b>	<b>(3.43)</b>	<b>(3.51)</b>	<b>(2.39)</b>	<b>(1.95)</b>	<b>(1.65)</b>	<b>(1.340)</b>	<b>-52%</b>	<b>-62%</b>	<b>(10.64)</b>	<b>(4.940)</b>	<b>-54%</b>
7. Cash at start of period	34.0	30.3	26.9	23.4	21.0	19.0	17.372			34.0	20.981	-38%
8. FX movements		(0.0)	0.0	(0.0)	(0.0)	(0.0)	0.005			0.0	(0.004)	
<b>9. Cash at end of period</b>	<b>30.3</b>	<b>26.9</b>	<b>23.4</b>	<b>21.0</b>	<b>19.0</b>	<b>17.4</b>	<b>16.037</b>	<b>-8%</b>	<b>-31%</b>	<b>23.4</b>	<b>16.037</b>	<b>-31%</b>
Cash Receipts - Annualised	4.0	5.7	3.4	4.8	3.5	6.0	6.2	3%	82%	4.4	5.240	20%
Cash Payments - Annualised	(19.0)	(19.5)	(17.4)	(15.0)	(11.9)	(12.9)	(12.1)	-6%	-31%	(18.6)	(12.279)	-34%
<b>Operating Cash Flow (annualised)</b>	<b>(15.0)</b>	<b>(13.8)</b>	<b>(14.0)</b>	<b>(10.3)</b>	<b>(8.4)</b>	<b>(6.9)</b>	<b>(5.9)</b>	<b>-15%</b>	<b>-58%</b>	<b>(14.3)</b>	<b>(7.039)</b>	<b>-51%</b>

Source: Company quarterly reports; Annual Reports

### Key points for the Quarter

LVH's Q3 result showed progress on several fronts – large increases in new client pipeline and candidates on the system, but only modest new client additions. We analyse the result in detail below:

- Group cash receipts for Q3 were a record \$1.55m (v \$0.85m pcp) up 3% on Q2 and up 82% YoY. Cash receipts for the 9 months YTD \$3.93m (v \$3.28m), up 20%.
- Cash costs (net of interest & grants) were \$3.0m (v \$4.4m pcp) down 6% on Q2 and down -31% YoY. Cash costs for the 9 months YTD \$9.2m (v \$14.0m), down 34%.
- Operating cash flow deficit (burn) was -\$1.5m (v -\$3.5m pcp) 15% better than Q2 (-\$1.7m), and 58% better than pcp. For the 9 months YTD -\$5.3m burn (v -\$10.7m), a 51% improvement.
- Closing net cash \$16.0m (v \$17.4m at Dec 31). Sufficient for 11 more quarters at the current burn rate.
- Guidance for a cash burn of -\$1.7m in Q4 (Vs -\$1.3m in Q3) due to increased expenditure / investment in North America software integrations (with SAP Fieldglass and Beeline) and some additional work on GDPR/ Privacy requirements. Each project ~\$100-150k. (We expect that most of this would be capitalised and amortised later).

### North American Direct Sourcing Division

LVH - North America Direct Sourcing (Contractors) Business - Operating Statistics	3Q20					Change QoQ	Our Comments
	3Q20	4Q20	1Q21	2Q21	3Q21		
Closing Partners (staffing firms)	0	2 (IMG & SASR)	3	11	13	18.2%	• Partnerships signed with 13 established and reputable US and Canadian staffing firms (since 28/4/20 IMG deal)
Closing Clients (logos)	0	2 (IMG & large retail client)	5	8	9	12.5%	• Client signings lag behind partner signings; Each take 3 to 6 months to on-board. Then a ramp up period.
Revenue (A\$m)	0.000	0.007	0.072	0.242	0.398	64.4%	• It's still early days (business commenced 28/4/20)
<b>Closing ARR (A\$m)</b>	<b>0.000</b>	<b>0.028</b>	<b>0.289</b>	<b>0.968</b>	<b>1.593</b>	<b>64.4%</b>	• Already annualising at \$1.6m pa
ARR per client (A\$)		\$ 13,800	\$ 57,875	\$ 121,058	\$ 176,949	46.2%	• Revenue per client significantly higher than ANZ
Talent Community members (TCCs)(m)		n/a	0.517	0.900	1.300	44.4%	• Big growth here. Evidence of early traction in US.
Resumes per client		n/a	103,448	112,500	144,444	28.4%	• Candidate resumes per client significantly higher than ANZ

Source: LVH reports; Sequoia analysis

LVH commenced its Direct Sourcing business with a 3-year contract and partnership agreement announced on 28/4/20 with Ian Martin Group (IMG), a well-established North American staffing firm headquartered in Ontario Canada. IMG became a client for its own internal recruiting, and a business partner to market the LVH solution to its other clients. We profile IMG at Appendix 2 of this report.

A second partnership was announced on 26/6/20 with SASR (Set and Service Resources) to provide high volumes of contractors for a major US retail group.

We review the progress to date:

LiveHire - North American Direct Sourcing Clients	Sector	Website	Employees on LinkedIn or website	Followers on LinkedIn
1 Ian Martin Group (ann 28/4/20)	Staffing company	<a href="http://www.ianmartin.com">www.ianmartin.com</a>	481	59,652
2 A major US retail group (via SASR)(ann 26/6/20)	Retail			
3 Ontario Ministry of Health (via IMG)	Government / Healthcare	<a href="http://www.health.gov.on.ca/en/">www.health.gov.on.ca/en/</a>	4,151	40,706
4 A global professional services firm (via GRI)	Professional services			
5 M Yachts (direct client)	Leisure (yacht charter)	<a href="http://www.myachts.life">www.myachts.life</a>	8	3,777
6 Alberta Health Services (via IMG)	Government / Healthcare	<a href="http://www.albertahealthservices.ca">www.albertahealthservices.ca</a>	35,736	110,302
7 Enbridge Inc (ENB.TO)	Energy infrastructure	<a href="http://www.enbridge.com">www.enbridge.com</a>	12,000	139,897
8 A.N.Other	Drilling staff & RTO	<a href="http://www.wellcontrolcentre.com.au">www.wellcontrolcentre.com.au</a>		
9 High 5	Recruitment (Direct Sourcing)	<a href="http://www.high5hire.com">www.high5hire.com</a>	18	400
<b>Average</b>			<b>8,732</b>	<b>59,122</b>
LiveHire itself	IT (recruitment software)		57	5,317

Source: LVH announcements; Staff numbers per LinkedIn or client websites

NB. Staff numbers on LinkedIn understate the true size of companies as only a portion of staff members would join LinkedIn. But it can be a rough guide as to whether the client is large, medium or small. Same with "followers" on LinkedIn.

- **Revenue ramping up** - Q1: A\$72k; Q2: \$242k +236%; Q3: \$398k up 64% on Q2. So LVH's new US business is already annualising at A\$1.6m, up from \$1.0m at December.
- **13 staffing firm partners now signed (up 2 in the quarter)**, apparently all keen to introduce LVH concept to their clients to save money, and hire contractors more efficiently using LVH AI-powered software solution to help source the job candidates. LVH went hard initially to establish relationships with North American partners for its market entry, and appears to have done well with this strategy. LVH says these partners typically have around 60 end-customers each, so LVH is accessing these existing client bases via partners, some of which have been established for 10-64 years. (Ian Martin Group founded 1957, 64 years).
- **Only 1 (small?) new client in the US in the quarter** which was fairly disappointing to us. LVH said the RFP (Request for Proposal) and due diligence processes by potential clients were becoming more thorough (a good sign) but this was lengthening the sales cycle slightly. Also Covid disruption is obviously unhelpful. LVH now has 9 end-clients at quarter-end, of which 7 are now active (up from ~4 at end-December).
- **The new client is High 5**, an innovation incubator that has been spun off from LVH's new partner announced in Q2, eTeam (1,400 staff) into a stand-alone entity. LVH is a

core tech partner powering portions of High5's back and front end. High 5 has 18 staff on LinkedIn and 400 followers, so looks to be fairly small at this stage. Noteworthy that a tech-focussed innovator chooses the LVH system. Refer:

<https://www.linkedin.com/company/high5hire/> and <https://www.high5hire.com/about-us/>

- **Pipeline building** - The weak client additions number is somewhat mitigated by a strong pipeline of 31 "opportunities live" of which **7 deals at the proposal stage**. (LVH defined Live Opportunities as prospects which have had discovery meetings and / or product demonstrations and are in active consideration of the LVH solution). We also welcome this new piece of detail being provided by LVH to help investors understand the process of winning new customers.
- One strong prospect was expected to signed in March, is still expected to be signed soon. We understand it is a major US brand. If concluded, that would be good for sentiment.
- **Covid opportunities** - With recent state government health department wins with Queensland and Victorian governments here, and Ontario and Alberta health departments in Canada, we understand LVH is pursuing other similar health department opportunities in Canada, the USA and Australia. "Internal mobility" of existing staff within a department, or between departments is an emerging major new strategic opportunity for LVH (e.g. emergency contact tracers; vaccinators).
- **Industry Recognition** - Client interest and conversions should also be assisted by Ardent Partners (independent technology industry researchers) naming LVH a market leader in its latest "Digital Staffing Platforms Technology Advisor report" to be released in May. This should put LVH firmly on the US map. (Bigtincan Holdings BTH, that we also research has made such industry reports a major part of its marketing strategy with good success).
- **Staffing Industry Analysts (SIA) research report coming (commissioned by IMG/ Raise Recruiting)**. LVH's Canadian / US partner Ian Martin Group on 13/4/21 launched a new division – "Raise Recruiting" that is entirely focussed on Direct Sourcing. The Raise Recruiting "playbook" (like a white paper) published with the launch features the LVH system prominently and makes very positive reading for LVH investors.  
Raise has commissioned the US based **Staffing Industry Analysts (SIA)** organisation to conduct a **market research study** that suggests a boom in direct sourcing is coming. The survey, set to be published in May, 2021, found that only 16% of contingent staffing buyers 'strongly agree' that direct sourcing is effectively implemented today. However, within two years, 60% expect to have direct sourcing programs in place. Refer: [www.raiserecruiting.com/resources/](http://www.raiserecruiting.com/resources/)
- **Cumulative candidate resumes loaded onto the LVH platform by partners and candidates now totals 1.3m resumes** (v 0.9m at end-December) up 400k or +44%. The data migration aspect is another potentially exciting part of LVH's partnering strategy. We think it won't take long before LVH has more candidates on its system in the US than in Australia (2.6m currently). We think this is very encouraging, as the partners are clearly engaged with LVH in providing this valuable information. Also worth noting is that this works out to be an average of 100,000 candidate resumes per partner, versus LVH's Australian average of 21,000 resumes per client.
- **Systems Integrators** – Covid is still disrupting the deployment and upgrades of major HR systems such as SAP SuccessFactors. LVH's partners Rizing and Cognitus continue to advocate for the LVH system to their clients, but not much traction as yet.
- We were forecasting 15 end clients by June 2021 & 50 by June 2022. Possible, but that will require a big Q4 of signings. It's still early days for LVH's US business, and we are encouraged by the progress to date. We lower our assumptions slightly to 13 clients by June 2021 and 46 by June 2022. With 13 partners, this only requires an average of 3.5 clients each. If / when the client traction comes, LVH's US business could scale up quite dramatically.



### SaaS Division (Mainly Australia & NZ)

LVH - SaaS Business (mainly A & NZ) - Operating Statistics	Operating Statistics					Change QoQ	Change YoY	Our Comments
	3Q20	4Q20	1Q21	2Q21	3Q21			
Closing Clients (logos)	106	110	114	120	123	2.5%	16.0%	Good double digit growth
<b>Closing ARR (\$m)</b>	<b>3.290</b>	<b>3.496</b>	<b>3.700</b>	<b>3.917</b>	<b>4.037</b>	<b>3.1%</b>	<b>22.7%</b>	Revenue per client improving
ARR per client (\$)	\$ 31,038	\$ 31,782	\$ 32,456	\$ 32,642	\$ 32,821	0.5%	5.7%	Revenue per client improving significantly
Talent Community members (TCCs)(m)	1.720	2.190	2.043	2.300	2.600	13.0%	51.2%	Big growth here. Job market recovering?
Resumes per client	61,628	50,228	55,807	52,174	47,308	-9.3%	-23.2%	

Source: LVH reports; Sequoia analysis

- No revenue figures are provided for this division with the 4C report. However, closing ARR (annualised recurring revenue) was \$4.0m (V 3.3m pcp) up 3% on December and up 23% YOY. The +3% growth in the quarter (Vs 2.5% growth in client numbers) is modest indicating that most of the 8 new accounts signed were small companies.
- **123 clients at end-March (+ a net 3).** 8 new clients were signed, but the initial 5 US SaaS clients signed with WorkForce Logiq on a very low-priced deal have all departed at the conclusion of the 2 year contract in March, as we expected.
- **The 8 new clients in ANZ were all named** on LVH's "logo page" (see table below). This covers clients across a broad range of industries where LVH appears to be getting good traction including Healthcare, drilling and construction. We comment that these sectors probably have a high degree of staff turnover or mobility, for which we think LVH's system is well suited. There may also be a bit of a "network effect" starting to develop in some industries, as candidates use their LVH profile to express interest in jobs with multiple employers, if those other organisations are also using LiveHire.

LiveHire - New clients in 3Q21 (in order of employee numbers)	Sector	Website	Employees on LinkedIn or website	Followers on LinkedIn
1 GV Health (Goulburn Valley)	Healthcare	<a href="http://www.gvhealth.org.au">www.gvhealth.org.au</a>	2,000	2,567
2 Star Group	Electrical & comms contractor	<a href="http://www.star-group.com.au">www.star-group.com.au</a>	350	1,574
3 Henley Properties	Residential construction	<a href="http://www.henley.com.au">www.henley.com.au</a>	304	9,522
4 Hostplus	Industry super fund	<a href="http://www.hostplus.com.au">www.hostplus.com.au</a>	235	9,153
5 Connecting Families	NDIS and family services provider	<a href="http://www.connectingfamilies.com.au">www.connectingfamilies.com.au</a>	71	552
6 Top Drill (mineral & water exploration)	Drilling services	<a href="http://www.topdrill.com.au">www.topdrill.com.au</a>	38	2,875
7 Mack Civil	Civil construction	<a href="http://www.mackcivil.com.au">www.mackcivil.com.au</a>	22	802
8 Australian Well Control Centre (AWCC)	Drilling staff & RTO	<a href="http://www.wellcontrolcentre.com.au">www.wellcontrolcentre.com.au</a>	9	558
<b>Average</b>			<b>379</b>	<b>3,450</b>
LiveHire itself	IT (recruitment software)		57	5,317

Source: LVH announcements; Staff numbers per LinkedIn or client websites

NB. Staff numbers on LinkedIn understate the true size of companies as only a portion of staff members would join LinkedIn. But it can be a rough guide as to whether the client is large, medium or small. Same with "followers" on LinkedIn.

- **Churn in ANZ SaaS (software as a service) business was Nil in the quarter.** This had been an issue historically, so is very pleasing to see. Further, >90% of new clients are being signed on 2-3 year contracts which should further reduce churn / aid retention. The rolling 12-month revenue retention rate was 86%, up from 82% in Q2.
- **New client pipeline strong** – with 22 at the proposal stage and 97 live opportunities. LVH says its pipeline includes a number of higher value customers in the \$60-80k pa range (Vs historical average revenue of \$30k per customer in ANZ).
- **Cumulative candidate resumes** loaded 2.6m (v 2.3m at Dec) up 300k or +13% also looks solid. This implies an average of 21,000 resumes per client are held on the LVH system.
- **Impact on our forecasts** - We are forecasting 127 clients by June 21 which looks very achievable (Vs 123 at end-March, +3), and 151 by June 2022 (+28, or +22%) which also looks achievable given the new momentum in the business, and the recovering job market. Client numbers of 123 we think are still well below LVH's ultimate potential for ANZ. We see scope for this to at least double in the next 2-3 years (to 200-300) given the benefits the LVH platform provides to clients (faster, better quality hires, fewer candidates

dropping out, improved diversity, improved visibility of hiring, better experience for candidates, better brand image for the employer).

LVH: Analysis of Quarterly Activities Reports	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	Growth QonQ	Growth Vs pcp
<b>1a. Cash receipts in Qtr (~Revenue)</b>	1.00	1.43	0.85	1.20	0.89	1.50	1.55	3%	82%
1b. Trailing 4 Qtrs cash receipts	3.48	3.99	3.90	4.47	4.35	4.43	5.13	16%	31%
1c. Trailing 4 Qtr growth %	58%	54%	27%	43%	25%	11%	16%		
<b>2a. Annualised Recurring Revenue (ARR)</b>									
Australia & NZ (& US small)	2.7	3.1	3.3	3.5	3.70	3.92	4.0	3%	23%
USA / Canada (Direct Sourcing / Contingent Hire)	0.0	0.0	0.0	0.0	0.29	0.97	1.6	64%	n/a
<b>Total Annualised Recurring Revenue (ARR)</b>	<b>2.7</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>	<b>3.99</b>	<b>4.88</b>	<b>5.6</b>	<b>15%</b>	<b>71%</b>
2b. Trailing 4 Qtr growth %	65%	49%	33%	38%	47%	60%			
<b>3. Customer Numbers</b>	(Sequoia estimated geo splits)								
Australia	79	92	97	101	104	110	115	5%	19%
New Zealand (est)	0	0	2	2	2	2	2	0%	0%
Asia (est)	2	2	2	2	2	2	2	0%	0%
USA - Permanent Hiring (Workforce Logiq)	5	5	5	5	6	6	1	-83%	-80%
<b>Sub-total (SaaS business)</b>	<b>86</b>	<b>99</b>	<b>106</b>	<b>110</b>	<b>114</b>	<b>120</b>	<b>123</b>	<b>2%</b>	<b>16%</b>
USA - Direct Sourcing / Contingent Hires	0	0	0	2	5	8	9	13%	n/a
<b>Customers (Worldwide)</b>	<b>86</b>	<b>99</b>	<b>106</b>	<b>112</b>	<b>119</b>	<b>128</b>	<b>132</b>	<b>6%</b>	<b>25%</b>
<b>4. Operating Statistics</b>									
ARR per SaaS client	\$ 31,628	\$ 30,808	\$ 31,038	\$ 31,250	\$ 32,456	\$ 32,638	\$ 32,822	1%	6%
Talent Community Connections A & NZ (TCCs)(m)		1.610	1.720	2.190	2.043	2.300	2.600	13%	51%
Talent Community Connections USA/ Can (TCCs)(m)		0.000	0.000	0.000	0.517	0.900	1.300	44%	n/a
<b>Talent Community Connections WW (TCCs)(m)</b>	<b>1.380</b>	<b>1.610</b>	<b>1.720</b>	<b>2.190</b>	<b>2.560</b>	<b>3.200</b>	<b>3.900</b>	<b>22%</b>	<b>127%</b>
TCCs - yoy growth	73%	75%	55%	97%	86%	199%	127%		127%
TCC (members) per client ANZ			16,226	19,909	17,919	19,167	21,138		
TCC (members) per client USA/Canada			n/a	n/a	103,448	112,500	144,444		
<b>TCC (members) per client WW</b>	<b>16,047</b>	<b>16,263</b>	<b>16,226</b>	<b>19,554</b>	<b>21,513</b>	<b>25,000</b>	<b>29,545</b>	<b>18%</b>	<b>34%</b>

Source: Company reports; Sequoia estimates

### Recommendation

There is no change to our Strong Buy recommendation. We continue to regard LVH's entry into the US\$80bn per annum North American direct sourcing market as a major medium to long-term opportunity for the company.

## Potential Share Price Catalysts

1. **New “Direct Sourcing / Contingent Workforce” clients** being won by its recently signed North American partners. **Timing: Coming quarters. Importance: \$\$\$\$\$** (5 “\$”s = important for stock-market confidence and / or potentially material in revenue terms)
2. **Ardent Partners Report** - “Digital Staffing Platforms Technology Advisor report” expected to be released in May. LVH is apparently recognised as an industry leader in this report (Industry recognition).
3. (US-based) **Staffing Industry Association (SIA) report** on Direct Sourcing to be published. Possible further industry recognition. **Timing: May.**
4. **USA Client Case Studies**– We expect that LVH will look to create US Case Studies or testimonials for marketing and investor relations purposes. **Timing: Unknown. Importance: \$\$**
5. Further Australian & NZ new client wins. **Timing: Anytime.** LVH Version 2.0 appears to have regained good growth momentum. **Importance: \$\$\$**
6. **Further government contract wins in Australia, US or Canada. Timing: Anytime.** LVH says it has had numerous discussions with government departments in Australia and overseas, following on from its success with contracts with the Queensland and Victorian state governments, and the Ontario and Alberta Ministries of Health in Canada. The LVH platform can be applied to permanent recruiting, contractors and also to “internal mobility” of existing staff into different roles, locations or departments. LVH thinks that “Internal Mobility” could be a major new opportunity. **Importance: \$\$\$**
7. **Completion of LVH’s first integration with Workday for Telstra Purple,** (Telstra’s IT division). Workday is the #2 global HR system provider and has been gaining market share from the #1 SAP SuccessFactors. **This should increase LVH’s addressable market significantly. And also reduce churn** (several of LVH client losses have apparently been because the client moved from SAPSuccessFactors to Workday). **Importance: \$\$\$**
8. First few SAPSuccessFactors bundled integrations being won by Cognitus Consulting or similar by Rizing in the USA or Australia. Cognitus and Rizing are large systems integrators specialising in SAP products, and have both selected LVH as their preferred high-performance recruitment software plug-in. **Timing: Customers have delayed upgrading their HRIS systems due to Covid, but demand is expected to gradually return. Importance: \$\$\$\$\$**
9. **Industry Recognition** - We believe that LVH has built an outstanding “best of breed” system that achieves the recruitment “holy grail”: **Recruits candidates Faster, Cheaper and Better Quality.** And a great dashboard and management reporting too. In our opinion, the LVH system has been under-utilised in Australia to date compared to its true potential because of an incorrect pricing model, and no integration with the #2 and #3 HRIS systems (Workday and Oracle / Taleo). Apart from Workday (which is coming), all known issues have now been resolved by LVH 2.0. **Timing: On-going. Importance: \$\$\$.**
10. **Increased analyst coverage** and market understanding (\$\$\$). We expect LVH to garner more market interest once revenues exceed \$10m and / or the company becomes profitable.



## Risks / Negative Factors

- **Financial risk** - LVH is an emerging growth, small company. It is not yet profitable or cash flow positive, and so is reliant on equity capital markets periodically for new capital to support its balance sheet.
- **North American market entry** – LVH has entered the US market with a potentially quite disruptive new technology and pricing structure that under-cuts traditional industry pricing. LVH has partnered with 13 mostly mid-sized staffing firms who are wanting to be innovative to gain market share. Their local presence and established client bases reduce LVH's new market risk to a considerable degree. But there is no certainty that LVH will be successful in the North American market. LVH has just 2 permanent staff in the USA and none in Canada.
- **LVH systems requires a change in customers' internal way of operating, to extract the most benefits** – To get the most benefit out of the LVH system, clients need to pro-actively nurture and build their companies' talent community ahead of the hiring need. This involves a slight change to the normal reactive, raise a new job requisition and advertise historical approach that most HR managers and recruiters have done forever. Organisations such as Alfred Health and General Pants have high volumes of recruitment, and have embraced the LVH system and achieved impressive results (speed to hire, cost savings on advertising and recruitment agency fees, and quality of hire). Both have been very enthusiastic public advocates of how good the LVH system is, and the benefits they achieved.

Yet we found another organisation where the system was allowed to wither on the vine after the key manager embracing it left. The organisation drifted back to their old ways, using their HRIS's clumsy ATS module instead of LVH, despite superior performance and cost efficiencies being achieved when they embraced the LVH system. Old habits die hard. Partly for this reason, LiveHire seems to be accelerating a whole new market for third party staffing agencies to step in and offer "managed direct sourcing" solutions to clients unable to quickly adopt this new and improved technique. This is driving growth for these staffing firms that have been in an industry typically slow to change, and in turn creating an exciting channel growth strategy for LiveHire.

- **Data / privacy breaches** – LVH now holds over 3.9 million candidate resumes on its platform, and is an integral part of many organisations' permanent and contractor hiring process. Any data breach, or prolonged downtime could seriously affect LVH's business and reputation.
- **LVH system Optional & Desirable, but not essential** – The 3 main global HRIS systems used by most large organisations (SAP SuccessFactors, Workday and Oracle Taleo) for permanent recruiting have applicant tracking systems (ATS's)/ front-end recruiting modules with basic generic functionality. HR managers we have spoken to describe these as clunky, inefficient and outdated.  
LVH has been accredited by SAP as an approved enterprise-grade, high-performance plug-in for its own global system, and SAP Sales staff are incentive to sell it to customers.  
But the key point is that the LVH system is optional and desirable – particularly for high volume recruitment, but it is not essential.
- **Covid related customers** – 4 of LVH's contract wins in the last year are with State Government departments (Qld, Vic, Ontario & Alberta) using the LVH system to manage urgent hiring needs for Covid workers. Whilst this is an excellent endorsement of the LVH technology and benefits it brings, there is a risk that these contracts may not be continued once the pandemic is over.

## Appendix 1 – LVH Detailed Company Description

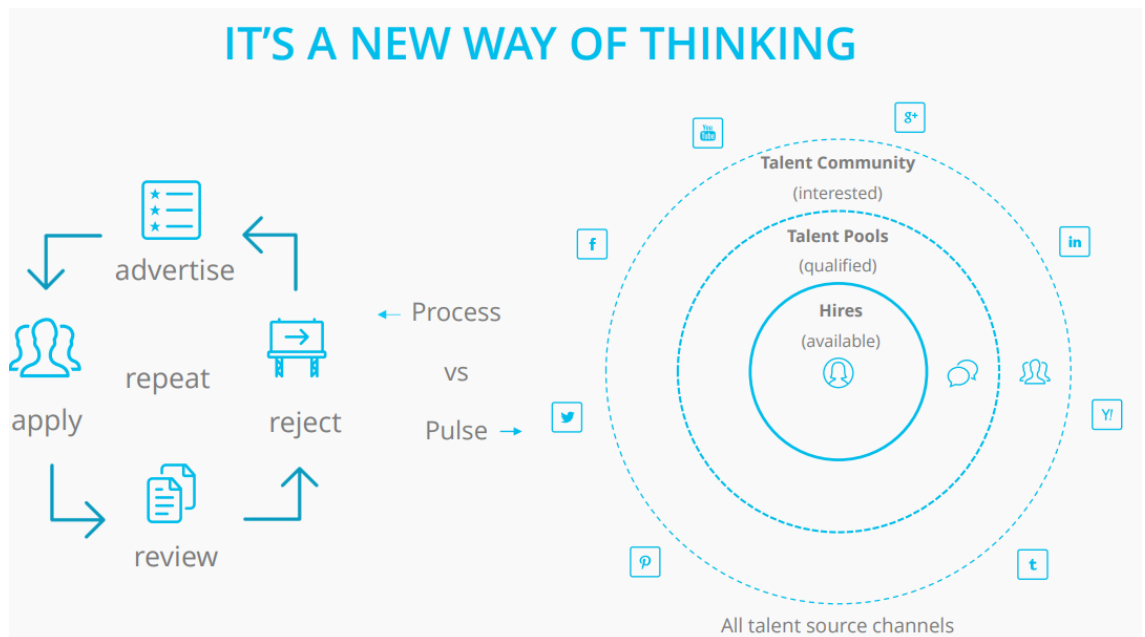
LiveHire Limited (LVH) was founded in Melbourne in 2011 by two engineers – Gigi Gozzi and Dr Mike Haywood. After 3 years developing the product, it was launched in 2014 with Ertech Engineering as a foundation client.

The business is a proprietary cloud-based platform for Human Resources (HR) and Procurement divisions of corporations to manage staff (talent) movements on demand by pro-actively building private talent clouds/communities, curated into talent pools, of potentially interested candidates ahead of the actual hiring or re-deployment need arising. When a vacancy or other hiring need arises, the hiring manager can recruit from within the talent pool, using Artificial Intelligence (AI) assistance and 2-way SMS quickly and at almost zero cost.

The uniqueness and benefits of the system to the employer are: Faster time to hire; cheaper cost to hire as a large proportion of job advertising and recruitment agency fees can be avoided; and better understanding of the worker pool.

The main benefits to the job candidates are: Create a single (federated) profile to use for infinite organisations across the ecosystem; 2-way communication with the hiring manager via SMS; faster response; faster decisions; candidate can stay in the database even if not hired for the current role. This all adds up to an award-winning experience for the candidate. Other systems are mostly awful in this regard, with greater rejections and drop-outs during the hiring process potentially negatively impacting the corporations' brand and ability to attract and retain the best talent.

### *Live Talent Communities*



Source: LVH presentations

The platform enables clients to leverage their brand, talent database, other networks and digital assets to invite and uniquely curate all talent into a single destination – a private “LVH Live Talent Community/Cloud”.

All suitable current, past or future candidates for employment are invited to become part of the Talent Community by creating a private LVH profile (digital CV), or simply connecting to a Talent Community if they already have an existing LVH profile. The candidate can manage their relationship with each employer directly from their LVH profile and mobile phone, while employers can search, screen, pool, interview and hire up to 100% of their future staff and contractors from their private Talent Community.

LVH has positioned its platform uniquely as the “destination for all talent” that is

routinely attracted to an organisation, as opposed to just another single source of job applicants. LVH merges all sources of candidates (called channels) into one Talent Community where candidates can privately manage their own profile.

### *Designed to be complimentary*

LVH does not compete with hosted HCM (Human Capital Management) / HRIS (Human Resource Information Systems) HR systems. Rather, it has been fully integrated with SAP Success Factors, one of the 3 major HR systems used by large corporations globally. Integrations with the other 2 major systems - Workday and Oracle Taleo are equally feasible.

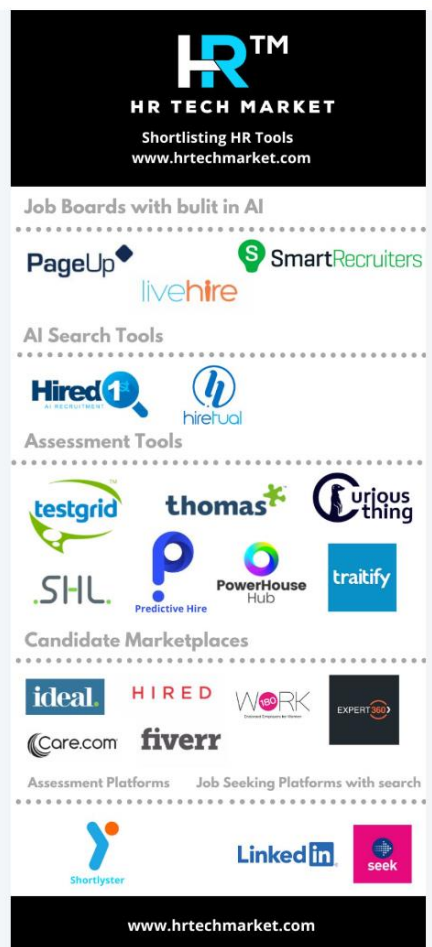
### *Web Demonstrations*

- There is an excellent product demo on or <https://youtube/Th6p8wGC8UE>
- Below is the instruction video for new candidates to create an LVH job profile. Very easy.

<https://www.youtube.com/watch?v=XGro6JKLrwM>

LVH has 65 staff on LinkedIn (we understand 48.4 full-time equivalents). This includes just 2 people in the USA, plus co-founder Dr Mike Haywood focussing on strategic development in the USA from Australia. This small team has created a world-class system which for various reasons including time, in our opinion has not even come close to its full potential in Australia.

The opportunity in front of LVH in the US Contingent Workforce / Contractor market looks significant. LVH has the opportunity to become a major technology partner in this segment which appears ripe for disruption and unlike traditional HR, has little technology competition.



Source: Rachel Hill, Director and founder of HR Tech Market, HR process improvement firm, Sydney; LinkedIn 26/10/20.

## Appendix 2 – Partner Profile - Ian Martin Group, Ontario Canada

We profile Ian Martin Group, as it was LVH’s first partner in the Direct Sourcing market in North America, and also appears to be the most advanced and engaged of LVH’s partners.

### The Ian Martin Group of Companies

We’re a family of multiple companies that provide specialized hiring support across a broad range of industries:



Refer: <https://ianmartin.com/about-the-ian-martin-group/>

On 28/4/20 LVH announced a 3-year Direct Staff Sourcing contract in North America with Ian Martin Group Inc (IMG). Founded in 1957, the Ian Martin Group has a long, trusted history of Engineering, IT, and Technical recruitment, contract management, and payroll service excellence. Over the last few years, it has grown into a family of companies that provide specialized hiring support across a broad range of industries, including Financial Services, Power & Energy, Oil & Gas, Mining, Public Sector, Manufacturing, Food & Beverage, and Life Sciences. IMG is headquartered in Ontario Canada. Ian Martin Group (482 employees on LinkedIn; 60,000 followers).

IMG will implement the LVH platform in the USA and Canada, with more than 500,000 candidate profiles added to LVH platform. IMG will hire mostly IT, Technical and Engineering professionals in this manner. Direct Sourcing is the use of Talent Communities (called a “talent clouds” in North America) for large organisations to directly source and hire contract-based employees without going through a recruitment agency.

Estimated initial contract value is A\$400k pa for a 3-year term, with an opportunity to expand as the client extends the solution further.

IMG told us that LVH will replace their previous ATS system. LVH was selected as because of its focus on Talent Communities and its candidate engagement and other capabilities were considered superior. Price was not the driving factor.

Latest (9/9/20): We noted that all jobs on IMG’s website now seem to be “powered by LiveHire”, with a prominent invitation for candidates to join the IMG Talent Community. IMG appears to be embracing the LVH system.

Ian Martin Group - Locations	
<p><b>Canada:</b>                      Oakville, Ontario (Headquarters)                      Ottawa, Ontario                      Whitby, Ontario                      Toronto, Ontario                      Tiverton, Ontario                      Montreal, Quebec                      Edmonton, Alberta                      Calgary, Alberta                      Halifax, Nova Scotia                      Regina, Saskatchewan                      St Johns, Newfoundland and Labrador                      Vancouver, British Columbia</p> <p style="text-align: center;"><b>12</b></p>	<p><b>USA</b>                      Durham, North Carolina                      Houston, Texas                      Minneapolis, Minnesota                      Woodbridge, New Jersey</p> <p><b>UK</b>                      Liverpool, England</p> <p><b>India</b>                      Bangalore, India</p> <p style="text-align: center;"><b>6</b></p>

Source: website, October 2020

According to IMG, the landscape of contingent labour is rapidly changing, and its Managed Direct Sourcing Program (MDS) is the cutting edge of recruitment process

improvement. Using proprietary, industry-leading technology to shift its clients' sourcing from staffing vendors to their own branded Talent Community, its MDS Program allows clients to hire better, faster, and more affordably than ever before while gaining a first-rate candidate and contractor experience.

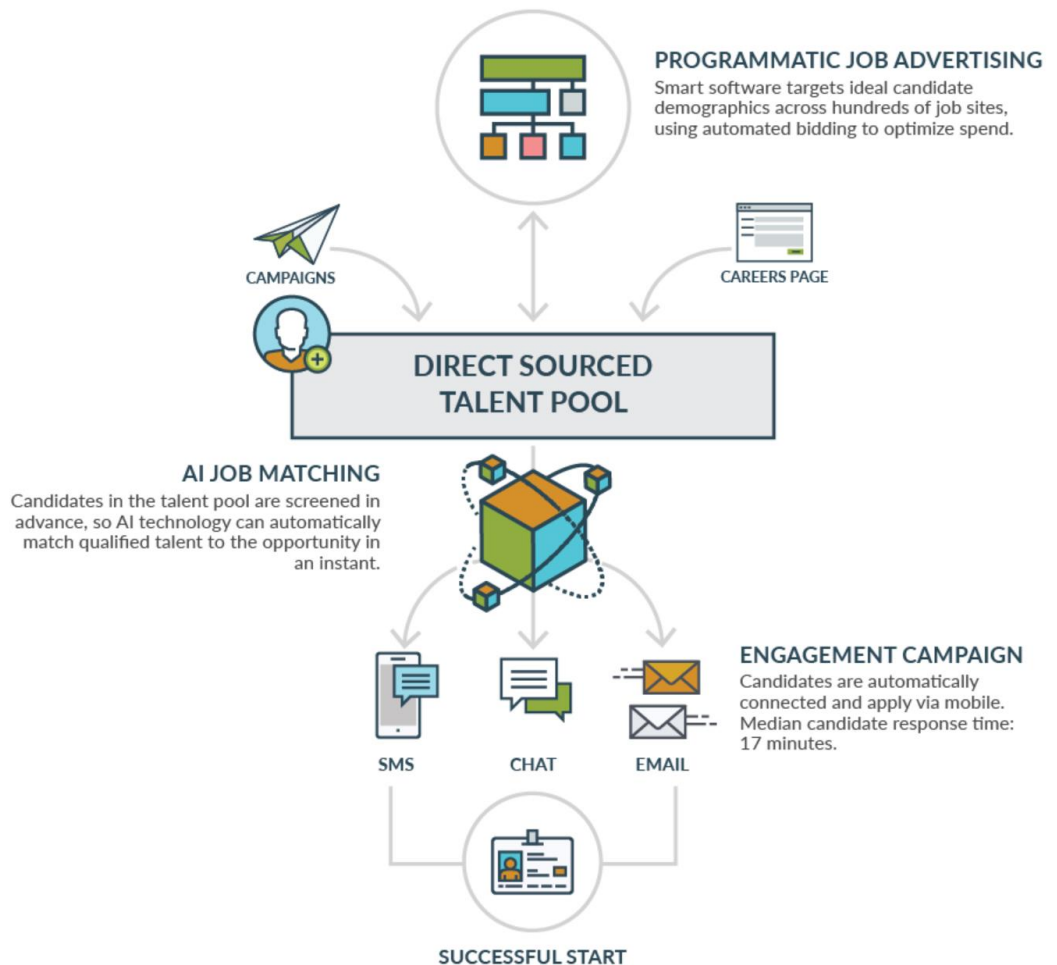
IMG is the only staffing provider in North America that is a "Certified B Corporation"— this means we lead with a values-based service approach and meet comprehensive and rigorous third-party standards that measure our impact on employees, clients, community, and the environment.

As a PAR Committed company with the Canadian Council for Aboriginal Business, Ian Martin is committed to Indigenous prosperity and to building meaningful, responsible, and mutually-beneficial relationships with Indigenous communities across Canada.

*Sequoia Comments*

IMG is a private company, but it appears to be a quality company and being a Certified B Corporation with obviously strong social values is an added benefit to LVH.

- IMG is using the system currently for its own internal needs, and is marketing the LVH platform to its external customers.
- We understand that IMG has around 100 clients overall.
- IMG has 18 locations: Canada 12, USA 4, UK 1 India 1.
- IMG operates many Talent Communities across its' group of companies, including but not limited to Ian Martin, Ian Martin Workforce, Matchfield, Sterling, Fitzii, and our clients and which may change from time to time.
- On 13/4/21 IMG launched a new division – Raise Recruiting – that is entirely focussed on Direct Sourcing. Refer: [Raise Recruiting Launches to Deliver Biggest Trend in Staffing - Direct Sourcing | Business Wire](#)



Source: Ian Martin Group website, showing deployment of LiveHire platform for direct sourcing



## Appendix 3 - North American customers

LiveHire - North American Direct Sourcing Clients		Sector	Website	Employees on LinkedIn or website	Followers on LinkedIn
<b>FY20 (Q4):</b>					
1	Ian Martin Group (ann 28/4/20)	Staffing company	<a href="http://www.ianmartin.com">www.ianmartin.com</a>	481	59,652
2	A major US retail group (via SASR)(ann 26/6/20)	Retail			
<b>FY21:</b>					
3	Ontario Ministry of Health (via IMG)	Government / Healthcare	<a href="http://www.health.gov.on.ca/en/">www.health.gov.on.ca/en/</a>	4,151	40,706
4	A global professional services firm (via GRI)	Professional services			
5	M Yachts (direct client)	Leisure (yacht charter)	<a href="http://www.myachts.life">www.myachts.life</a>	8	3,777
6	Alberta Health Services (via IMG)	Government / Healthcare	<a href="http://www.albertahealthservices.ca">www.albertahealthservices.ca</a>	35,736	110,302
7	Enbridge Inc (ENB.TO)	Energy infrastructure	<a href="http://www.enbridge.com">www.enbridge.com</a>	12,000	139,897
8	A.N.Other	Drilling staff & RTO	<a href="http://www.wellcontrolcentre.com.au">www.wellcontrolcentre.com.au</a>		
9	High 5	Recruitment (Direct Sourcing)	<a href="http://www.high5hire.com">www.high5hire.com</a>	18	400
<b>Average</b>				<b>8,732</b>	<b>59,122</b>
LiveHire itself		IT (recruitment software)		57	5,317

Source: LVH announcements; Staff numbers per LinkedIn or client websites

NB. Staff numbers on LinkedIn understate the true size of companies as only a portion of staff members would join LinkedIn. But it can be a rough guide as to whether the client is large, medium or small. Same with "followers" on LinkedIn.

### New clients signed in FY21

- Ontario Ministry of Health**, for an urgent need for Covid tracing staff; won via staffing partner Ian Martin Group. We think this demonstrates early traction with a high profile government customer. Please refer: <https://news.ontario.ca/en/release/58807/ontario-hiring-hundreds-more-contact-tracers-and-case-managers>
- A global professional services firm, launching across their entire contingent workforce program in the US and Australia**, via new partner GRI (Geometric Results Inc), and also involving Ian Martin Group. We think GRI is a potential breakthrough major customer for LVH – a potential “whale”. Refer: [www.geometricresultsinc.com](http://www.geometricresultsinc.com)
- M Yachts** - a global super-yacht service provider with offices in Hong Kong, Sydney and Palma Mallorca/ Majorca. (This client was won directly by LVH, not through a US partner). The CEO has 3,777 followers on LinkedIn, the company has 445 followers. Refer: <https://MYachts.life/>
- Alberta Health Services, Canada** - to identify high-volume hires to support contact tracing and case management. 35,000 staff on LinkedIn. Refer: [www.albertahealthservices.ca](http://www.albertahealthservices.ca)
- Enbridge Inc. (ENB.TO, Market cap C\$90bn)** – a Canadian listed energy infrastructure company which owns oil and gas pipelines, regulated distribution utilities and renewable power generation. 12,000 employees mostly in Canada and the US. The LVH system is being used for its intern program for multiple departments across the group. Refer: [www.enbridge.com](http://www.enbridge.com)
- A.N. Other (Q2)** – many clients require confidentiality.
- High 5** - is an innovation incubator that has been spun off from LVH’s new partner announced in Q2, eTeam (which has 1,400 staff) into a stand-alone entity. LVH is a core tech partner powering portions of High5’s back and front end. High 5 has 18 staff on LinkedIn and 400 followers. Refer: <https://www.linkedin.com/company/high5hire/> and <https://www.high5hire.com/about-us/>

LiveHire Limited (LVH) \$ 0.370					
<b>Profit &amp; Loss</b>					
<b>Year end June (\$m)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21e</b>	<b>FY22e</b>	<b>FY23e</b>
<b>Operating Revenue</b>	<b>2.6</b>	<b>3.5</b>	<b>5.2</b>	<b>10.0</b>	<b>20.6</b>
Revenue growth	58.9%	31.8%	51.8%	91.5%	105.5%
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
<b>Gross Profit</b>	<b>2.6</b>	<b>3.5</b>	<b>5.2</b>	<b>10.0</b>	<b>20.6</b>
Gross Profit Margin	100.0%	100.0%	100.0%	100.0%	100.0%
Other Income	0.0	0.1	0.0	0.0	0.0
Cash Operating Expenses	(13.8)	(14.0)	(10.6)	(11.1)	(11.6)
Share based payments (non cash)	(2.5)	(2.3)	(2.0)	(2.5)	(2.5)
<b>EBITDA</b>	<b>(13.6)</b>	<b>(12.8)</b>	<b>(7.3)</b>	<b>(3.5)</b>	<b>6.5</b>
Ebitda Margin	-519.9%	-369.2%	-139.3%	-35.2%	31.5%
Depreciation & Amort	(0.8)	(1.6)	(1.8)	(1.9)	(2.0)
<b>EBIT</b>	<b>(14.5)</b>	<b>(14.4)</b>	<b>(9.1)</b>	<b>(5.4)</b>	<b>4.5</b>
					<b>Profit</b>
Ebit Margin	-552.0%	-416.2%	-173.7%	-54.0%	21.9%
Net Interest Income (Expense)	0.7	0.2	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>(13.8)</b>	<b>(14.1)</b>	<b>(9.0)</b>	<b>(5.3)</b>	<b>4.6</b>
Income Tax Credit (Expense)	0.0	0.0	0.0	0.0	0.0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%
Minorities (share of loss)	0.0	0.0	0.0	0.0	0.0
Abnormals	0.0	(0.5)	0.0	0.0	0.0
<b>NPAT (reported)</b>	<b>(13.8)</b>	<b>(14.6)</b>	<b>(9.0)</b>	<b>(5.3)</b>	<b>4.6</b>
Adjustments (Abnormals)	0.0	0.5	0.0	0.0	0.0
<b>NPAT (normalised)</b>	<b>(13.8)</b>	<b>(14.1)</b>	<b>(9.0)</b>	<b>(5.3)</b>	<b>4.6</b>
					<b>Profit</b>
<b>Balance Sheet</b>					
Cash	34.0	21.0	13.7	11.4	18.2
Receivables	0.8	0.5	0.8	1.5	3.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.5	0.5	0.3	0.3
<b>Total current assets</b>	<b>35.1</b>	<b>22.0</b>	<b>15.1</b>	<b>13.2</b>	<b>21.6</b>
Property, plant & equipment	0.5	1.2	1.2	1.2	1.2
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	3.5	4.4	4.4	4.3	4.1
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Other	0.2	0.2	0.2	0.2	0.2
<b>Total non-current assets</b>	<b>4.2</b>	<b>5.8</b>	<b>5.8</b>	<b>5.8</b>	<b>5.6</b>
<b>Total Assets</b>	<b>39.3</b>	<b>27.9</b>	<b>20.9</b>	<b>19.0</b>	<b>27.2</b>
Payables	(1.5)	(0.7)	(0.7)	(1.0)	(1.7)
Interest bearing liabilities - Current	0.0	(0.3)	(0.3)	(0.3)	(0.3)
Provisions	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Deferred Revenue	(1.0)	(1.6)	(1.6)	(1.0)	(1.0)
<b>Total Current Liabilities</b>	<b>(3.1)</b>	<b>(3.2)</b>	<b>(3.2)</b>	<b>(3.0)</b>	<b>(3.6)</b>
Interest-bearing liabilities - Non-curr	0.0	(0.6)	(0.6)	(0.6)	(0.6)
Provisions	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Other	(0.1)	0.0	0.0	(1.2)	(1.6)
<b>Total Non-current Liabilities</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(1.9)</b>	<b>(2.3)</b>
<b>Total Liabilities</b>	<b>(3.3)</b>	<b>(3.9)</b>	<b>(4.0)</b>	<b>(4.9)</b>	<b>(6.0)</b>
<b>Total Shareholders' Equity</b>	<b>36.0</b>	<b>23.9</b>	<b>16.9</b>	<b>14.1</b>	<b>21.2</b>
Number of Customers - ANZ	79	105	127	151	172
Number of Customers - USA	0	7	13	46	89
<b>Number of Customers - WW</b>	<b>79</b>	<b>112</b>	<b>140</b>	<b>197</b>	<b>261</b>
TCCs (candidates) - ANZ (m)	1.100	1.494	2.800	3.496	4.181
TCCs (candidates) - USA/ Can (m)	0.000	0.696	1.600	4.600	8.900
<b>TCCs (c/dates in database) WW (m)</b>	<b>1.100</b>	<b>2.190</b>	<b>4.400</b>	<b>8.096</b>	<b>13.081</b>
<b>Interims</b>					
<b>Year end June</b>	<b>1H20A</b>	<b>2H20A</b>	<b>1H21</b>	<b>2H21e</b>	<b>FY21e</b>
<b>Sales</b>	<b>1.6</b>	<b>1.8</b>	<b>2.3</b>	<b>3.0</b>	<b>5.2</b>
Sales Growth (g)	36.7%	27.7%	38.9%	63.3%	51.8%
Cash Operating costs	(7.9)	(6.1)	(5.2)	(5.4)	(10.6)
Share-based payments	(2.2)	(0.1)	(0.9)	(1.1)	(2.0)
<b>EBITDA</b>	<b>(8.5)</b>	<b>(4.3)</b>	<b>(3.8)</b>	<b>(3.5)</b>	<b>(7.3)</b>
EBITDA Margin	-521.9%	-234.0%	-167.2%	-118.3%	-139.3%
<b>EBIT</b>	<b>(9.2)</b>	<b>(5.2)</b>	<b>(4.7)</b>	<b>(4.4)</b>	<b>(9.1)</b>
NPAT (Reported)	(9.1)	(5.6)	(4.7)	(4.3)	(9.0)
<b>NPAT (Adjusted)</b>	<b>(9.1)</b>	<b>(5.1)</b>	<b>(4.7)</b>	<b>(4.3)</b>	<b>(9.0)</b>
<b>EPS (adjusted)(cents)</b>	<b>(3.0)</b>	<b>(1.7)</b>	<b>(1.6)</b>	<b>(1.5)</b>	<b>(3.1)</b>
EPS Growth	36.4%	-39.4%	-46.7%	-14.5%	-35.0%
Source: Sequoia estimates					
<b>Per share &amp; Ratio data</b>					
<b>Year end June</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21e</b>	<b>FY22e</b>	<b>FY23e</b>
Reported EPS (cents)	(5.0)	(4.9)	(3.1)	(1.8)	1.5
Growth	24.0%	-2.8%	-37.2%	-42.5%	-186.5%
P/E ratio (x)	-7.4x	-7.6x	-12.1x	-21.0x	24.3x
<b>EPS (normalised)(cents)</b>	<b>(5.0)</b>	<b>(4.7)</b>	<b>(3.1)</b>	<b>(1.8)</b>	<b>1.5</b>
Growth	24.0%	-6.2%	-35.0%	-42.5%	-186.5%
P/E ratio (x)	-7.4x	-7.8x	-12.1x	-21.0x	24.3x
DPS (cents)	0.0	0.0	0.0	0.0	0.0
Franking	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)	(3.6)	(3.7)	(1.9)	(0.2)	2.8
Price/OCF (x)	-10.3x	-10.1x	-20.0x	-198.4x	13.0x
Shares on Issue - Wavg	274.4	299.9	294.1	302.1	303.1
Shares on Issue - at yea	296.7	302.9	294.1	302.1	303.1
Enterprise Value \$m	75.8	88.8	96.0	98.4	91.6
EV/ Sales	28.9x	25.7x	18.3x	9.8x	4.4x
<b>EV/EBITDA</b>	<b>-5.6x</b>	<b>-7.0x</b>	<b>-13.1x</b>	<b>-27.8x</b>	<b>14.1x</b>
EV/EBIT	-5.2x	-6.2x	-10.5x	-18.1x	20.2x
<b>Liquidity &amp; Leverage</b>					
Net Cash (Debt) \$m	34.0	20.0	12.8	10.4	17.2
Net Debt / Equity %	-94%	-84%	-75%	-74%	-81%
Net Debt / EBITDA	2.5x	1.6x	1.7x	2.9x	n/a
ROA (EBIT / T.Assets) %	-36.8%	-51.6%	-43.6%	-28.6%	16.6%
ROE (NPAT / T.Equity) %	-38.3%	-59.1%	-53.2%	-37.8%	21.8%
Interest Cover (EBIT)	21.1x	58.7x	91.1x	54.3x	-45.2x
Dividend Payout % (of ac	n/a	n/a	n/a	n/a	n/a
<b>Cash Flow</b>					
EBITDA	(13.6)	(12.8)	(7.3)	(3.5)	6.5
Chge in Working Capital	0.7	(0.6)	(0.2)	0.4	(0.5)
Interest Received (Paid)	0.1	0.3	0.1	0.1	0.1
Income taxes paid	0.0	0.0	0.0	0.0	0.0
Other (add: share based	2.9	2.0	2.0	2.5	2.5
<b>Operating Cash Flow</b>	<b>(9.9)</b>	<b>(11.0)</b>	<b>(5.4)</b>	<b>(0.6)</b>	<b>8.6</b>
					<b>Positive</b>
MCapex + Capitalised R	(2.1)	(2.0)	(1.8)	(1.8)	(1.8)
Government grants recd	0.9	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>(11.0)</b>	<b>(13.0)</b>	<b>(7.2)</b>	<b>(2.4)</b>	<b>6.8</b>
Acqns & Investments	(0.4)	0.0	0.0	0.0	0.0
Disposals & Other	0.3	0.1	0.0	0.0	0.0
<b>Net investing cash flow:</b>	<b>(1.3)</b>	<b>(1.9)</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>(1.8)</b>
Equity raised (bought ba	15.1	0.2	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	(0.3)	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>15.1</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Change in Cash</b>	<b>3.9</b>	<b>(13.0)</b>	<b>(7.2)</b>	<b>(2.4)</b>	<b>6.8</b>
<b>Geographical Revenue</b>					
Australia/ NZ	2.6	3.5	4.2	5.6	7.1
USA/ Canada	0.0	0.0	1.0	4.4	13.5
<b>Total Op. Revenue</b>	<b>2.6</b>	<b>3.5</b>	<b>5.2</b>	<b>10.0</b>	<b>20.6</b>
<b>Revenue Growth Rates</b>					
Australia/ NZ	59%	32%	23%	33%	27%
USA/ Canada	n/a	n/a	14574%	337%	205%
<b>Total</b>	<b>59%</b>	<b>32%</b>	<b>52%</b>	<b>92%</b>	<b>105%</b>
<b>Directors Shareholdings</b>					
	<b>Shares (m)</b>	<b>% of coy</b>	<b>Opts etc</b>		
Michael Rennie (Exec. Chairman)	2.4	0.8%	2.327		
Christy Forest (CEO)	2.7	0.9%	2.000		
Antonluigi Gozzi (Exec director)	23.4	8.0%	0.563		
Reina Nicholls (NED)	0.1	0.0%	0.000		
Rajarshi Ray	0.2	0.1%	0.000		
<b>Major Shareholders</b>					
	<b>Shares (m)</b>	<b>% of coy</b>			
FIL Limited	28.6	9.7%			
Michael Haywood (Co-founder, Chief Growth O	26.2	8.9%			
Antonluigi (Gigi) Gozzi (Co-founder, director)	24.9	8.5%			
Patrick Galvin (ex director)	14.9	5.1%			
Telstra Super Pty Ltd	13.3	4.5%			
Source: Refinitiv, Annual report					

## 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 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 production 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.

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