

ASX: LVH MARKET RELEASE

LiveHire June Quarterly Activities Report and Appendix 4C

23 July 2020 | Melbourne, Victoria

- SaaS Annualised Recurring Revenue (ARR)¹ was \$3.5 million, an increase of 38% YoY (6% QoQ).
- 12-month trailing cash receipts were \$4.5 million, representing 43% YoY growth.
- Total SaaS clients rose to 110, an increase of 38% YoY. Total clients overall rose to 112 with two new North American Direct Sourcing clients.
- LiveHire contracted with two Direct Sourcing clients in its scale-up of the US opportunity. These contracts are the first in LiveHire's Direct Sourcing revenue segment, representing combined estimated annualised contract value of AU\$840,000 at full deployment (in addition to reported ARR).
- Following on from the Queensland State government contract win in Q3, LiveHire was awarded a major Victorian state government contract in Q4. Both contracts highlight LiveHire's speed to implementation and unique ability to profile, communicate with, and move staff quickly into critical areas of need.
- The Company's cash balance was \$20.9 million at year end. Previously announced cost reductions from front-loaded product investments total \$7million, with full benefits expected to be realised from Q1 2021.
- Talent Community Connections (TCCs) grew by more than 400,000 as candidate profiles expanded in Australia/New Zealand and North America especially.



¹ SaaS Annualised Recurring Revenue or ARR represents contracted recurring revenue components of term subscriptions from non-Direct Sourcing Clients, normalised to a one-year period.

LiveHire's purpose and investment proposition

<p>LiveHire's purpose is to empower the flow of the world's talent into and through organisations. LiveHire does this through a platform-based approach that is rapidly deployed, infinitely scalable, easily integrated with, and underpinned by a single unified (federated) profile of a candidate, aiming to provide a private and secure single source of truth of data for organisations and talent. LiveHire believes that as its ecosystem grows, the value it can deliver to organisations and candidates alike continues to grow.</p>	
Leading SaaS Talent Acquisition & Engagement Platform	LiveHire's platform allows mid to large clients (from ~200 FTE and above) to transform their Talent Acquisition process whilst delivering exceptional levels of engagement for an authentic, personal and instant candidate experience. The next generation cloud-based platform creates measurable results for client companies in terms of speed, quality and cost of hire, along with improved diversity outcomes.
Architecture built for rapid scale	The way that companies recruit and share talent is rapidly changing, leading people to being comfortable using the cloud to store, manage, protect, and share their career and talent data. Through its cloud platform and unified candidate profile, LiveHire continues to build a valuable ecosystem of candidates who are able to privately connect to companies (creating a "Talent Community Connection"). This "one-click" connection to a company with a single live profile creates a highly scalable platform as well as a rich and growing live ecosystem.
Large market opportunity with significant organic growth runway	With well over US\$200 billion spent on Talent Acquisition in the United States, of which only around 2.5% is attributed to the software and platform part of the market, there is a continued trend in Talent Acquisition budgets being reallocated towards technology ¹ . Within Australia there are over 4,000 companies with over 200 FTEs ² . In the United States, there are over 60,000 companies with over 200 FTEs ³ . Based on current ARR ^{PC} , this represents a significant addressable market of over \$2 billion.
Strong Balance Sheet for growth	LiveHire has scope to pursue organic growth both domestically and internationally.
High recurring revenue and cash conversion	LiveHire's SaaS revenue model has generated >85% annual growth in Annualised Recurring Revenue (ARR) for the past two financial years, and 100% cash conversion, as customers pay annually in advance. Contract terms are 1 – 3 years, with a greater weighting to three-year contracts expected going forward.

1) Josh Bersin: 2019 HR Technology Market | 2) Australian Bureau of Statistics (ABS) | 3) North American Industry Classification System (NAICS)

Disruptive talent acquisition, mobility, and engagement platform LiveHire Limited (ASX: LVH) ("LiveHire" or the "Company") today released its Quarterly Activities Report and Appendix 4C Cash Flow Report for the period ending 30 June 2020 (Q4 FY20).

Christy Forest CEO of LiveHire

"Over the past three months, the world economy experienced its most acute and negative quarterly economic downturn from the pandemic. In contrast, the LiveHire business grew, as organisations around the world embraced new ways of managing more fluid workforces efficiently. I am proud of the work of our teams, and the power of our technology to solve some of the most important problems for governments and companies. Whilst the broader challenges for these organisations loom large, the opportunities for LiveHire are immense. All of our work to now has positioned us with the right product, in the right markets, and with the right, demonstrated results to answer mission critical questions asked by these organisations about how to improve their effectiveness and economics, urgently.

Importantly, in this past quarter, we delivered contracts from all three of our major use cases in both of our major markets, validating our clear and credible plan for sustained and accelerated growth.

Firstly, we achieved a healthy foundation for sustained growth in the Australia/New Zealand market for external permanent hiring, including ten new logos acquired. The health of this key strategic pillar is steadily being achieved via client retention rates at/above industry standard for those organisations who use our full solution.² In parallel and to buttress our client base going forward, our direct sales teams delivered 70% of all our new contracts over this past financial year as multi-year licence agreements.

Secondly, our internal mobility solution is now delivered in major state governments and private companies in Australia/New Zealand. This solution is particularly valuable as organisations prioritise the need to deploy their employees to critical business needs. The current environment animated the harsh reality that traditional employee 'systems of record' are unable to meet the task. Our unique functionality in capability profiling and native two-way

2 <https://growrevenue.io/churn-rate-benchmarks/>

text communication transforms an organisation's ability to make employee mobility an ongoing and sustained reality.

Thirdly, according to Gartner, 32% of companies intend to increase use of contingent workers to provide greater workforce management flexibility.³ This is in addition to the already projected >10% annual growth rate of this workforce segment.⁴ In the US especially, LiveHire is focused on direct sourcing a company's contingent workers at a fraction of the cost in order to save them millions. With two major contracts won this quarter and a strong pipeline developed, we are combining the power of our solution with the urgency felt by Procurement leaders to reduce their contingent labour costs per hire and an experienced US leadership team in order to accelerate this segment.

As has been referenced many times of late, Churchill once said 'Never let a good crisis go to waste.' LiveHire has been intentional in our technology development, operational rigour and market development efforts both before and during this economic period. We are seeing key segments and opportunities accelerate to meet our vision, which is validating and catalysing. In addition, we have taken strong and prudent steps to create fiscal strength through our cost base restructure in order to create leverage and longevity, coupled with our meaningful top-line growth initiatives."

LiveHire achieved ten SaaS client wins for the quarter across a range of industries, plus two direct sourcing client wins in North America. A select list of new clients for the quarter includes:

- *Ian Martin Group (IMG): a North American recruitment and project-staffing firm;*
- *SASR (Set and Service Resources): a North American provider of workforce solutions in retail services;*
- *Victorian State Government redeployment contract;*
- *Frucor Suntory: a leading Australasian drinks company;*
- *Decjuba: a fashion retailer;*
- *Monford Group: a leader in the construction industry, with an Australia-wide portfolio of projects in the Infrastructure, Resources and Energy sectors;*
- *All West Engineering Mechanical: an engineering specialist offering a larger range of engineering solutions;*
- *Health Insurance Fund: an Australian not-for-profit insurer; and*
- *Project Genetics: a management consulting firm.*

The loss of six clients is primarily attributable to clients which obtained pre-product market fit and with partial solutions. Our transformation of the client base to full solutions and multi-year contracting is nearly complete. Full solution clients retain at levels at/above industry standards.⁵

Further elaboration of major milestones for the quarter include:

- In April, LiveHire entered the US Direct Sourcing market with IMG. This contract adds >300,000 candidate profiles to the LiveHire ecosystem in North America. The estimated initial annual contract value for this Direct Sourcing Talent Cloud is AU\$400,000 at full deployment for an initial three-year term⁶;

³ <https://www2.staffingindustry.com/site//Editorial/Daily-News/More-use-of-contingent-workers-among-nine-workforce-trends-post-pandemic-53708>

⁴ <https://www.prnewswire.com/news-releases/service-procurement-market-worth-10116-million-usd-by-2022-671100603.html>

⁵ <https://growrevenue.io/churn-rate-benchmarks/>

⁶ Each party must give the other party notice of non-renewal of the term no less than 270 days prior to the end of the current term

- In May, LiveHire won the Victorian state government contract to move staff into critical areas of need in the wake of COVID-19. LiveHire will serve the State of Victoria through the Department of Premier and Cabinet by profiling staff and identifying those qualified to move into critical roles. The contract is ~8x average ARR across LiveHire's licensed clients;
- In June, LiveHire won its second North American Direct Sourcing client, SASR. The contract initially serves one of SASR's many clients, a major US retail group. The estimated annual contract value for this Direct Sourcing Talent Cloud is AU\$440,000 based on projected hires required.
- Both IMG and SASR manage a large portfolio of customers who represent further opportunity to benefit from LiveHire's direct sourcing solution. LiveHire's route to market in the US via its partner model allows us to access these many potential clients.

Growth Initiatives and Long-term Success

From the time of IPO to Q4 FY20, LiveHire maintained an appropriately high level of technology spend to develop the platform to achieve multi-product market fit and flexibility of use cases across ANZ and North America. The three use cases include external permanent hiring, employee internal mobility, and contractor direct sourcing. With the milestones achieved in multi-product market fit, LiveHire restructured its cost base, reducing it by \$7 million per annum.

External permanent hiring continues to maintain healthy growth for LiveHire in ANZ. This quarter showed pleasing growth through a volatile COVID period, indicating strong demand for LiveHire's unique candidate centred engagement platform, and our first win with Systems Implementer, Rizing, via our integration with their client's SAP Success Factors HRIS.

Employee internal mobility is now a proven growth opportunity for LiveHire with the first two large government contracts delivered for Queensland and Victoria.

LiveHire's solution is being adopted within the contractor direct sourcing segment in North America, with estimated annualised contract values for the first two wins at ~20% of the total ARR achieved up to now in the entire LiveHire ANZ business.

LiveHire's technology is proven in contractor direct sourcing via various examples in ANZ and is being especially well-received by LiveHire's North American clients. Procurement leaders in the US are motivated to improve the economics of contractor hiring, which is done almost exclusively today through suppliers or agencies. LiveHire receives a percentage of the mark-up of the hired contractors' salary spend in this revenue model. This opportunity presents with the additional backdrop of a growing contractor market, at 11.8% CAGR (*1) and projection to reach 50% of total workforce composition by 2030 (*2). Also, a recent study by Gartner notes that 32% of large organisations surveyed indicate they will choose to replace full-time employees with contingent workers as a cost-saving measure (*3), further accelerating this shift in workforces globally.

LiveHire is scaling into the Contractor Direct Sourcing market through partners, including staffing suppliers, managed service providers and vendor management systems who are keen to meet the end market demand for faster, more economical solutions via LiveHire's unique and proven technology.

1: <https://www.prnewswire.com/news-releases/service-procurement-market-worth-10116-million-usd-by-2022-671100603.html>

2: <https://jobeconomics.com/contingent-workforce-report/>

3: <https://www2.staffingindustry.com/site//Editorial/Daily-News/More-use-of-contingent-workers-among-nine-workforce-trends-post-pandemic-53708>

Product

During the quarter, the Product Development and Technology team:

- launched in North America our largest client to date, with a talent community size of >300,000 candidate profiles;
- expanded LiveHire's technology marketplace with 4 new integrations: CVCheck, fit2work, Revelian and TestGrid; and
- released a new LiveHire module for multi-country recruitment. This product, which allows LiveHire clients to recruit across borders, includes a country-specific candidate and recruiter experience with differentiated 2-way SMS communication for each country.

Cash Flow

12-month trailing cash receipts were \$4.5 million, representing 43% YoY growth.

Cash receipts for the quarter were \$1.20 million (41% increase on prior quarter).

Cash outflows of \$3.88 million for the quarter were in line with management's expectations with partial benefits from the Company's previously announced ~\$7m cost reduction being reflected, but with the full benefit expected to be realised from next quarter.

Cash on hand as at 30 June 2020 was \$20.9 million and the Company remains debt-free.

Additional Information

For the purposes of ASX Listing Rule 4.7C, payments to related parties and their associates during the quarter was \$225k. These payments related to Director salaries, superannuation and fees.

Appendix – Quarterly Client Wins

New clients and channel partners (as applicable) added through the quarter in industries including recruitment, government, construction, engineering, and retail, include the following:



DECJUBA



Frucor
SUNTORY



For more information:

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Subscribe to LiveHire's newsletter at: <http://eepurl.com/b2EMFL>

www.livehire.com/investor

Christy Forest, LiveHire's CEO and Executive Director, authorised the release of this announcement to the ASX.

About LiveHire

LiveHire is a disruptive award-winning⁷ talent acquisition & engagement platform that revolutionises the candidate experience and enables businesses to thrive with talent on demand. Our Talent Acquisition & Engagement platform delivers a proactive sourcing and talent mobility solution called Live Talent Communities. The platform makes managing the flow of talent into and through businesses seamless, delivering value through detailed visibility of talent, shifting recruitment from reactive to proactive, improving fit, significantly reducing time and cost to hire, with an unrivalled candidate experience.

Founded in 2011, LiveHire is an Australian company headquartered in Melbourne, with offices also in Sydney and Perth.

www.livehire.com

Note to market

None of the information included in this announcement should be considered individually price-sensitive, unless specifically stated. All figures in this announcement are provided in AUD and on an unaudited basis.

Disclaimer

This announcement contains "forward-looking statements." These can be identified by words such as "may", "should", "anticipate", "believe", "intend", "estimate", and "expect". Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.

⁷ https://drivenxdesign.com/SYD17/winners_list.asp

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
LiveHire Limited		
ABN	Quarter ended (“current quarter”)	
59 153 266 605	30th June 2020	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,195	4,473
1.2 Payments for		
(a) research and development	(316)	(1,171)
(b) product manufacturing and operating costs	(222)	(666)
(c) advertising and marketing	(2,424)	(11,665)
(d) leased assets	(701)	(4,199)
(e) staff costs		
(f) administration and corporate costs		
1.3 Dividends received (see note 3)		
1.4 Interest received	71	409
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	50	50
1.8 Other – staff termination costs	(220)	(505)
1.9 Net cash from / (used in) operating activities	(2,567)	(13,274)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	0	(24)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	5	10
(d) investments		
(e) intellectual property		
(f) other non-current assets	75	105
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	80	92
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	99	155
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	99	155
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	23,376	34,013
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,567)	(13,274)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	80	92

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 12 months \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	99	155
4.5	Effect of movement in exchange rates on cash held	(7)	(5)
4.6	Cash and cash equivalents at end of period	20,981	20,981

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,642	3,612
5.2	Call deposits	19,339	19,765
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,981	23,376

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	225
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

The above relates to payment of Directors' salaries, superannuation and fees.

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 Total financing facilities

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

7.5 Unused financing facilities available at quarter end

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

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,567)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	20,981
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	20,981
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8.2

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

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

Answer:

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

Answer:

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

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 23rd July 2020

Authorised by: Simon Howse, Interim Chief Financial Officer
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.