



Appendix 4D

For the half year ended 31 December 2019

LiveHire Limited

ABN 59 153 266 605

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2019 ("current reporting period")

	31-Dec-19	31-Dec-18	% Change from 6 months ended 31 Dec 2018	
	A\$	A\$		
Revenue from ordinary activities	1,623,574	1,187,645	Up	37%
Profit / (Loss) from ordinary activities after tax attributable to members	(9,060,388)	(5,717,812)	Up	58%
Net Profit / (Loss) for the period attributable to members	(9,060,388)	(5,717,812)	Up	58%

Dividend information

	Amount per security	Franked amount per security
Interim Dividend	N/A	N/A
Final Dividend	N/A	N/A
Payment Date	N/A	N/A

	31-Dec-19 Cents	30-Jun-19 Cents
Net tangible assets per security*	0.0836	0.1095

Other information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in, and should be read in conjunction with, the notes to the Interim Financial Report and the Director's Report for the half-year ended 31 December 2019. Information should be read in conjunction with LiveHire Limited's 2019 Annual Report and the attached Interim Financial Report.

The Interim Financial Report has been reviewed by Ernst & Young, with the Independent Auditor's Review Report included in the Interim Financial Report.

*The net tangible assets includes the Right-of-use assets recognised as a result of adoption of AASB 16: Leases

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LIVEHIRE LIMITED

(ASX:LVH)

ABN: 59 153 266 605

Interim Financial Report

For the half-year ended 31 December 2019

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Corporate Directory

Directors and Officers

Michael Rennie	- Executive Director and Chairman (<i>appointed as Chairman 2 September 2019</i>)
Christy Forest	- Chief Executive Officer and Executive Director
Antonluigi Gozzi	- Executive Director
Michael Haywood	- Executive Director (<i>resigned as Executive Director 24 July 2019</i>)
Geoffrey Morgan AM	- Non-Executive Director and Chairman (<i>resigned as Non-Executive Director and Chairman 30 August 2019</i>)
Adam Zorzi	- Non-Executive Director
Reina Nicholls	- Non-Executive Director (<i>appointed as Non-Executive Director 4 October 2019</i>)

Ben Malone	- Chief Financial Officer
Charly Duffy	- Company Secretary

Principal Registered Office

Level 10, 461 Bourke Street
Melbourne VIC 3000

T: +61 (03) 9021 0657

Website: www.livehire.com

Domicile and Country of Incorporation

Australia

Australian Business Number

ABN 59 153 266 605

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000
Website: www.ey.com.au

Share Registry

Automatic
Level 5, 126 Phillip Street
Sydney NSW 2000
Website: www.automic.com.au

Securities Exchange

Australian Securities Exchange Limited (ASX)
ASX Code - LVH (Ordinary Shares)

Directors' Report

The Directors submit their half year report of LiveHire Limited ('LiveHire' or 'Company') for the half year ended 31 December 2019 ('Period').

1. BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the Period are as follows.

Directors	Position
Michael Rennie	Executive Director & Chairman (<i>appointed as Chairman 2 September 2019</i>)
Christy Forest	Chief Executive Officer & Executive Director
Antonluigi Gozzi	Executive Director
Michael Haywood	Executive Director (<i>resigned as Executive Director 24 July 2019</i>)
Geoffrey Morgan AM	Non-Executive Director and Chairman (<i>resigned as Non-Executive Director and Chairman 30 August 2019</i>)
Adam Zorzi	Non-Executive Director
Reina Nicholls	Non-Executive Director (<i>appointed as Non-Executive Director 4 October 2019</i>)

2. PRINCIPAL ACTIVITIES

During the period, the principal continuing activities of the Company consisted of:

- Support of an increasing number of client implementations via direct sales and channel partners, and successful adoption of the LiveHire technology;
- Expansion of the Company's sales and marketing capabilities in Australia and the United States;
- Expansion of the Company's channel partner network and progression of partner enablement program, including the launch of the first US Talent Communities; and
- Continued product development of the LiveHire Talent Acquisition & Engagement Platform, including Offer Management, Advanced Analytics, Recruiting Process Automation, Australian and US job board integrations, HR technology software integrations, further advancements to LiveHire's unique differentiators in AI Candidate Matching and Talent Pooling, and continued investment in infrastructure and scale

Directors' Report

Purpose & Growth Strategy

LiveHire's purpose and investment proposition	
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, providing a private and secure single source of truth of data for organisations and talent. LiveHire believes that as its ecosystem grows, the value to organisations and candidates grows exponentially.	
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 and personal 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 to more comfort in using the cloud to store, manage, protect, and share 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 ARRPC, this represents a significant addressable market of approximately \$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% 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.

The three critical elements to meaningful LiveHire revenue growth ahead are:

- **US market penetration**, initially through channel partners, to bring speed to revenue generation and early reference clients.
- An expanded **channel partner strategy** in Australia and the US, via Managed Service Providers (MSPs), Technology System Implementers (SIs), and Recruitment Process Outsourcers (RPOs).
- Accelerated wins from our recently expanded **Direct Sales** team in Australia with continued meaningful pipeline growth and new logo acquisition.

¹ Josh Bersin: 2019 HR Technology Market

² Australian Bureau of Statistics (ABS)

³ North American Industry Classification System (NAICS)

Directors' Report

3. REVIEW OF OPERATIONS

The highlights and significant changes in state of affairs during the half year included:

- **Annualised Recurring Revenue (ARR⁴) grew 47% year-on-year (YoY) to \$3.01m** at 31 December 2019 compared to \$2.05m at 31 December 2018.
- **99 clients, an increase of 55% YoY**, compared to 73 clients at 31 December 2018.
- **Cash receipts for the 6-month period increased 55% to \$2.4 million** compared to the same period in FY19, with 12-month trailing cash receipts rising to \$4 million, representing 54% YoY growth.
- **Talent Community Connections (TCCs) grew by 102% YoY**, with 1.6 million connections amongst existing clients and new clients at 31 December 2019 compared to 0.8 million at 31 December 2018.
- **Revenue from contracts with customers for the 6-month period of \$1.6 million. Recurring revenue for the period increased 60% to \$1.3 million** compared to the same period in FY19.
- Strong financial position at the end of the period, **debt free with \$26.9m cash at bank**.
- **Signed 25 new agreements** through Direct Sales and Channel Partners, including Chandler Macleod, Zenitas Healthcare, Victorian Department of Justice and Community Safety, Perth Airport, APT Travel Group, Aruma, and Berry Street.
- Continued progression of **channel partner strategy** including:
 - Entry into the Australian MSP market with Chandler Macleod;
 - US-based SAP systems implementer Cognitus, receiving SAP certification on a technology bundle that includes LiveHire;
 - Becoming an approved supplier for Coupa via acceptance into the CoupaLink program;
 - Expansion of partner network via multiple partnership agreements.
- **Significant product advances** including:
 - Offer Management: Provides clients with the ability to extend contracts to candidates and receive legal digital signatures without leaving the LiveHire platform.
 - Advanced Analytics: Allows clients to derive powerful insights by building interactive dashboards, generating reports and exploring data anywhere and on any device.
 - Smart Job Matching: Uses artificial intelligence (AI) and machine learning (ML) to match candidates on LiveHire with all jobs available in the market with high accuracy, whilst providing candidates with coaching on skill gaps, matching scores and digital readiness.
 - Recruiting Process Automation: drives productivity by automating many manual and repetitive tasks with high speed and minimal human effort whilst eliminating bias and human error, allowing recruiters to spend their time and energy on the highest value activities in talent acquisition.
 - Four new integrations with third party HR technologies (Enboarder, XRef, Revellian, TestGrid).
 - Integrations with Australian and US job boards.
 - Other major advancements to LiveHire's unique differentiators in AI Candidate Matching and Talent Pooling.
- **Board strengthened** with the appointment of Michael Rennie as Executive Chairman and Reina Nicholls as an Independent Non-Executive Director.

⁴ ARR represents contracted recurring revenue components of term subscriptions normalised to a one-year period. We believe this common SaaS metric, which is a Non IFRS measure, provides useful information for readers to assist in understanding the Company's financial performance. These measures have not been independently audited or reviewed.

Directors' Report

4. FINANCIAL PERFORMANCE

The financial results of the Company for the half year ended 31 December 2019 are:

	31-Dec-19	31-Dec-18	% Change
Revenue from contracts with customers (\$)	1,623,574	1,187,645	37%
Net loss after tax (\$)	(9,060,388)	(5,717,812)	58%
Loss per share (\$)	(0.030)	(0.022)	36%

5. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

LiveHire will continue to focus on driving significant growth and market share via:

- The **US entry**, initially through our channel partner strategy. Scaling through partners there brings speed to generating revenue and important early reference clients.
- Our expanded **channel partner strategy**, focusing on key partners in both Australia and the US
- Accelerating wins from our **Direct Sales** team in Australia, with continued pipeline expansion and new logo expansion in Australia.

To achieve a satisfactory balance when managing LiveHire's significant growth opportunities with potential risks, the Company has a well-developed Risk Management Framework which follows accepted standards and guidelines for managing risk. Key business risks include the following:

Risk	Response
Failure to scale and commercialise at a sufficient rate.	To execute the Company growth strategy, the Company has invested in several senior commercial roles, including the CEO, Commercial Director, and Head of Channel Development. This investment has led to a strong team and business structure to execute on the multi-channel growth strategy across ANZ and the US. The company also continues to invest in the platform to maintain competitive with global competition.
Data Security and Privacy	LiveHire understands that privacy compliance is critical to maintaining client and candidate trust. In FY19 the Company appointed an experienced Privacy Officer and engaged a third-party Data Security expert. This investment has resulted in the development and implementation of a robust privacy compliance framework and data security processes and policies.

Directors' Report

6. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Independence Declaration by the lead auditor under Section 307C is included on the following page to these half year financial statements.

Signed in accordance with a resolution of the Board of Directors.



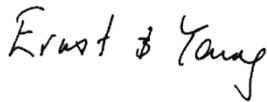
Christy Forest
Chief Executive Officer & Executive Director
Melbourne, 25th February 2020

Auditor's Independence Declaration to the Directors of LiveHire Limited

As lead auditor for the review of the half-year financial report of LiveHire Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of LiveHire Ltd and the entity it controlled during the financial period.



Ernst & Young



David Petersen
Partner
25 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-19 \$	31-Dec-18 \$
Revenue from continuing operations			
Revenue from contracts with customers	6	1,623,574	1,187,645
Other Income	6	-	42,623
Total revenue and other income		1,623,574	1,230,268
Expenses			
Employee benefits expense	7	(5,373,456)	(3,983,294)
Operating expenses	7	(2,510,523)	(1,868,895)
Share based payment expense	14	(2,212,599)	(1,082,041)
Earnings (Loss) before interest, tax, depreciation and amortisation (EBITDA)		(8,473,004)	(5,703,962)
Depreciation and amortisation expense	7	(754,871)	(359,875)
Earnings (Loss) before interest and tax (EBIT)		(9,227,875)	(6,063,837)
Net finance income / (expense)	7	167,487	346,025
Loss before income tax		(9,060,388)	(5,717,812)
Income tax expense		-	-
Loss after income tax		(9,060,388)	(5,717,812)
Items that may be reclassified subsequently to the income statement			
Exchange differences on translation of foreign operations, net of tax		1,182	-
Other comprehensive income for the period, net of tax		1,182	-
Total comprehensive loss for the period		(9,059,206)	(5,717,812)
		\$	\$
Loss per share attributable to ordinary equity holders			
- Basic loss per share		(0.030)	(0.022)
- Diluted loss per share		(0.030)	(0.022)

The consolidated statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	31-Dec-19 \$	30-Jun-19 \$
ASSETS			
Current assets			
Cash and cash equivalents		26,881,899	34,013,420
Trade and other receivables	8	889,657	1,059,734
Total current assets		27,771,556	35,073,154
Non-current assets			
Plant and equipment		422,880	477,740
Intangible assets	9	4,100,102	3,536,070
Contract acquisition costs		121,731	51,219
Right-of-use assets	10	1,061,190	-
Other non-current financial assets		154,090	184,872
Total non-current assets		5,859,993	4,249,901
Total assets		33,631,549	39,323,055
LIABILITIES			
Current liabilities			
Trade and other payables	11	932,044	1,465,557
Provisions		573,744	625,781
Lease liabilities	10	311,048	-
Deferred revenue		1,593,575	1,045,950
Total current liabilities		3,410,411	3,137,288
Non-current liabilities			
Provisions		107,058	88,367
Lease liabilities	10	787,231	-
Other non-current liabilities		-	70,354
Total non-current liabilities		894,289	158,721
Total liabilities		4,304,700	3,296,009
Net assets		29,326,849	36,027,046
EQUITY			
Issued capital	12	61,813,449	61,757,495
Reserves	13	11,666,573	9,452,791
Accumulated losses		(44,153,173)	(35,183,240)
Total equity		29,326,849	36,027,046

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2019	61,757,495	9,452,791	(35,183,240)	36,027,046
Effect of initial adoption of AASB 16			90,455	90,455
Restated Balance	61,757,495	9,452,791	(35,092,785)	36,117,502
Comprehensive income:				
Loss for the period	-	-	(9,060,388)	(9,060,388)
Other comprehensive income	-	1,182	-	1,182
Total comprehensive loss for the period	-	1,182	(9,060,388)	(9,059,206)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	55,954	-	-	55,954
Share option expense	-	2,212,599	-	2,212,599
At 31 December 2019	61,813,449	11,666,573	(44,153,173)	29,326,849

	Issued Capital \$	Share-based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2018	46,680,344	7,001,237	(21,390,541)	32,291,040
Comprehensive income:				
Loss for the period	-	-	(5,717,812)	(5,717,812)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(5,717,812)	(5,717,812)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	55,861	-	-	55,861
Share option expense	-	1,082,041	-	1,082,041
At 31 December 2018	46,736,205	8,083,278	(27,108,353)	27,711,130

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	31-Dec-19	31-Dec-18
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,429,564	1,563,915
Payment to suppliers and employees		(8,605,199)	(6,432,526)
Receipt of interest		266,994	347,202
Payment of interest		(78,120)	(629)
Net cash outflow from operating activities		(5,986,761)	(4,522,038)
Cash flows from investing activities			
Payment for intangible assets		(1,077,550)	(989,615)
Payment for plant and equipment		(18,093)	(80,611)
Payment for other non-current financial assets		-	(115,281)
Proceeds from other non-current financial assets		30,782	-
Net cash outflow from investing activities		(1,064,861)	(1,185,507)
Cash flows from financing activities			
Proceeds from the issue of shares		55,954	55,861
Payment of principal portion of lease liabilities		(132,346)	-
Net cash inflow / (outflow) from financing activities		(76,392)	55,861
Net increase / (decrease) in cash and cash equivalents		(7,128,014)	(5,651,684)
Cash and cash equivalents at the beginning of the period		34,013,420	30,073,106
Effects of exchange rate changes on cash and cash equivalents		(3,507)	-
Cash and cash equivalents at the end of the period		26,881,899	24,421,422

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial statements of LiveHire Limited (referred to as '**LiveHire**' or the '**Company**') for the half year ended 31 December 2019 (the '**Period**') were authorised for issue in accordance with a resolution of the directors on 25th February 2020 and covers LiveHire as an entity as required by the *Corporations Act 2001*. LiveHire is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars.

LiveHire is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (listed on ASX on 8 June 2016).

The address of the registered office and principal place of business is Level 10, 461 Bourke Street, Melbourne VIC 3000.

2. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation

The interim consolidated financial statements for the half-year ended 31 December 2019 have been prepared in accordance with AASB134 Interim Financial Reporting and the Australian Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by LiveHire Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Australian Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The accounts have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Notes to the Financial Statements

3. KEY JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The judgements and estimates used in relation to Intangible Assets and Share-Based Payments when preparing the financial statements for the period ended 31 December 2019 are consistent with those disclosed in our previous year end report, dated 30 June 2019.

In addition, the Group has applied judgement to determine the incremental borrowing rate and the likelihood of accepting lease renewal options, which significantly affect the amount of lease liabilities and right-of-use Assets ("ROU") recognised.

Renewal option

LiveHire has the option, under some of its leases to lease properties for additional terms of 2 to 3 years. The Group applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group has therefore included the renewal period as part of the lease term for its property leases due to the needs of the business.

Incremental borrowing rate

The Group has applied judgement to determine the incremental borrowing rate which significantly affects the amount of lease liabilities and right-of-use asset recognised. The group applies a rate it best believes to be the rate that the Group will have to pay to obtain funds for an asset of a similar value to the right-of-use asset in a similar economic environment.

4. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these financial statements for the Period under review are consistent with those followed in the preparation of the company's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective for the company as of 1 July 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The company applies, for the first time, AASB 16 *Leases*. As required by AASB 34 *Interim Reporting*, the nature and effect of these changes are disclosed below.

AASB 16 Leases

AASB 16 supersedes AASB117 *Leases* and it applies to all leases. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

Notes to the Financial Statements

AASB 16 replaces existing leases guidance, including AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The company adopted AASB 16 using the modified retrospective approach of adoption for those leases in existence at the date of initial application, being 1 July 2019. The adjustments arising from the new leasing rules are therefore recognised in accumulated losses on 1 July 2019. As the company adopted the modified retrospective method, there was no restatement of previous financial statements.

The company applied the transition practical expedients in paras C3 and C10 b, c and e. The effect of using these expedients is:

- the company will apply the low value asset exemption to leases of assets below \$15,000;
- the company will not apply AASB 16 to contracts entered before 1 July 2019 that were previously not identified as leases;
- initial direct costs have been excluded from the measurement of all ROUs; and
- the company used hindsight in determining the lease term where the contract contained options to extend the lease.

The company has assessed the impact that initial application of AASB 16 will have on its consolidated financial statements, as described below.

i. Leases in which the Group is a lessee

The company has recognised new assets and liabilities for its operating leases. The nature of expenses related to those leases has now changed because the company is recognising a depreciation charge for right-of-use assets ("ROU") and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Adopting the new standard has led to the company recognising lease liabilities and right-of-use assets of \$1,230,635 as at 1 July 2019.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

ii. Transition

The company applied AASB 16 initially on 1 July 2019, using the modified retrospective approach. The company has applied the practical expedient to grandfather the definition of a lease on transition. This means

Notes to the Financial Statements

that it will apply AASB 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with AASB 117 and Interpretation 4.

In accordance with the modified retrospective method of adoption, the company applied AASB 16 at the date of initial application and elected to measure the carrying amount of ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The effect of adopting AASB 16 is as follows:

- Additional ROU assets of \$1,230,625 were recognised and presented separately in the statement of financial position;
- Additional lease liabilities of \$1,230,625 were recognised and presented separately in the statement of financial position.
- A lease incentive liability of \$90,454 was derecognised resulting in an increase to retained earnings.
- For the six months ended 31 December 2019 included in the statement of income is depreciation of right-of-use assets of \$169,435 and interest expense of \$78,120 being the unwinding of the undiscounted lease liabilities over time. Expense for these leases would have been recorded under rent expense prior to the adoption of AASB 16. After adoption of AASB 16, the Group's cash flows from operating activities will include payments for the interest portion of lease payments (included in interest paid) and cash flows from financing will include repayment of the principal portion of the lease liabilities.

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and area of income and expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis.

Management has determined that the Company has one operating segment being the provision of online Talent Acquisition software. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

Notes to the Financial Statements

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	31-Dec-19	31-Dec-18
	\$	\$
Revenue from contracts with customers		
- Hosting and Maintenance fees	1,344,608	838,895
- Implementation fees	181,836	210,050
- Integration fees	15,000	107,500
- Professional Services fees	80,066	29,200
- Other operating revenue	2,064	2,000
Total Revenue from contracts with customers	1,623,574	1,187,645
Other income		
- Research & Development Tax Incentive	-	42,623
	-	42,623
Total revenue and other income	1,623,574	1,230,268

Notes to the Financial Statements

7. EXPENSES

	31-Dec-19	31-Dec-18
	\$	\$
Loss before income tax includes the following specific expenses		
Employee benefits expense		
- Salaries and wages	5,531,557	4,058,192
- Superannuation contributions	494,863	385,922
- Payroll tax	314,201	307,025
- Employee entitlement accrual	(33,346)	43,235
- Capitalisation of employee benefits	(933,819)	(811,080)
	<u>5,373,456</u>	<u>3,983,294</u>
Operating expenses		
- Advertising and marketing expenses	258,002	96,643
- Consultants and contractor fees	872,978	511,868
- Capitalisation of consultants and contractor fees	(143,730)	(178,536)
- Technology related expenses	707,283	485,076
- Operating and administration expenses	815,990	953,844
	<u>2,510,523</u>	<u>1,868,895</u>
Depreciation and amortisation expenses		
- Depreciation of fixed assets	71,918	22,928
- Depreciation of right-of-use assets	169,435	-
- Amortisation of software development asset	513,518	336,947
	<u>754,871</u>	<u>359,875</u>
Finance (income) / expense		
- Interest (Income)	(245,607)	(346,654)
- Interest expense	-	629
- Interest expense on lease liabilities	78,120	-
	<u>(167,487)</u>	<u>(346,025)</u>

8. TRADE AND OTHER RECEIVABLES

	31-Dec-19	30-Jun-19
	\$	\$
Trade receivables	541,910	654,688
GST receivable	11,311	73,495
Accrued interest	12,929	34,316
Prepaid expenditure	244,317	243,115
Contract acquisition costs	79,190	54,120
Total trade and other receivables	<u>889,657</u>	<u>1,059,734</u>

The carrying amount of trade and other receivables is a reasonable approximation of fair value.

Notes to the Financial Statements

9. INTANGIBLE ASSETS

Software consists of capitalised developments costs being an internally generated intangible asset, refer to the 30 June 2019 financial report for additional detail.

	31-Dec-19	30-Jun-19
	\$	\$
Software development		
Cost	8,614,206	7,536,656
R&D Tax Incentive	(2,030,382)	(2,030,382)
Accumulated amortisation	(2,483,722)	(1,970,204)
Total intangibles	4,100,102	3,536,070

10. LEASES

	Right- of use assets		Lease liabilities
	Premises	Total	Total
	\$	\$	\$
As at 30 June 2019	-	-	-
Additions on transition	1,230,625	1,230,625	1,230,625
Depreciation expense	(169,435)	(169,435)	-
Interest expense	-	-	78,120
Payments	-	-	(210,466)
As at 31 December 2019	1,061,190	1,061,190	1,098,279
Current lease liability	-	-	311,048
Non-Current lease liability	-	-	787,231
Total Lease Liability as at 31 December 2019	-	-	1,098,279

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	\$
Commitments as at 30 June 2019	1,065,100
Less:	
Commitments relating to Services Agreements	(83,724)
Operating lease commitments as at 30 June 2019	981,376
Weighted average incremental borrowing rate as at 1 July 2019	12.9%
Discounted operating lease commitments as at 1 July 2019	679,234
Lease liabilities relating to renewal periods not included in operating lease commitments as at 30 June 2019	551,391
Lease liabilities as at 1 July 2019	1,230,625

Notes to the Financial Statements

11. TRADE AND OTHER PAYABLES

	31-Dec-19	30-Jun-19
	\$	\$
CURRENT		
<u>Unsecured liabilities</u>		
Trade payables	107,046	472,804
Sundry payables and accrued expenses	316,317	463,296
Payroll tax payable	-	44,649
PAYG payable	254,628	236,595
Superannuation payable	254,053	228,112
Lease incentive	-	20,101
	932,044	1,465,557

Terms and conditions relating to trade and other payables:

- (i) trade creditors are non-interest bearing and are normally settled within agreed trading terms;
- (ii) sundry payables are non-interest bearing and are normally settled within agreed trading terms.

The carrying amount of trade and other payables is a reasonable approximation of fair value.

12. ISSUED CAPITAL

a) Issued and fully paid

	31-Dec-19		30-Jun-19	
	\$	No.	\$	No.
Ordinary shares	61,813,449	301,870,869	61,757,495	296,721,693
	61,813,449	301,870,869	61,757,495	296,721,693

b) Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue price	\$
Balance 30 June 2019		296,721,693		61,757,495
- Issue of shares to employees under loan purchases (Note 14(ii))	9/08/2019	300,000	-	-
- Cashless buyback of Loan Back Shares	9/08/2019	(6,966,390)	-	-
- Issue of shares to employees under loan purchases (Note 14(ii))	29/10/2019	6,796,876	-	-
- Exercise of performance rights	29/10/2019	61,650	-	-
- Cashless buyback of Loan Back Shares	8/11/2019	(292,960)	-	-
- Issue of shares to employees under loan purchases (Note 14(ii))	28/11/2019	5,250,000	-	-
- Loan back shares repayments	-	-	-	55,954

Notes to the Financial Statements

13. RESERVES

The share-based payment reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive-based shares.

The translation reserve is used to record exchange differences arising from the translation of the Financial Statements of its overseas subsidiary.

	Share-Based payments reserve	Currency translation reserve	Total
	\$	\$	\$
Balance at 1 July 2018	7,001,237	-	7,001,237
Share-based payment expense	2,451,554	-	2,451,554
Balance at 30 June 2019	9,452,791	-	9,452,791
Share-based payment expense	2,212,599	-	2,212,599
Foreign currency translation differences	-	1,182	1,182
Balance at 31 December 2019	11,665,391	1,182	11,666,573

Notes to the Financial Statements

14. SHARE-BASED PAYMENTS

	31-Dec-19	31-Dec-18
	\$	\$
Share-based payment expense recognised during the period		
Options issued to employees and consultants (i)	51,540	24,096
Shares issued under employee share scheme (ii)	617,922	514,494
Modification of shares issued under employee share scheme	796,567	-
	1,466,029	538,590
Performance rights issued to employees and contractors (iii)	746,570	543,451
	2,212,599	1,082,041

(i) Options issued to employees and consultants

- (a) On 28 November 2019 the Company issued 1,500,000 options exercisable into ordinary shares on a 1:1 basis to the Executive Chairman with a strike price of \$0.6/share. The options vest as follows:
- 500,000 Options vested immediately upon being granted
 - 500,000 Options will vest on 4 October 2020, being the first anniversary of appointment as Executive Chairman on the Effective date; and
 - 500,000 Options will vest on 4 October 2021, being the second anniversary of the Effective date

Fair Value of Options

Date of Grant	11-Dec-19
Number of Loan Back Shares	1,500,000
Date of Expiry	11-Dec-23
Exercise Price	\$0.600
Share Price at Grant Date	\$0.230
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.71%
Fair Value of each Loan Back Share	\$0.077
Total Fair Value as at 31 December 2019:	\$115,669

Value recognised during the current period:	\$51,540
Value to be recognised in future periods*:	\$64,129

* Value subject to vesting criteria.

Details of options outstanding during the period are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at beginning	Granted during	Exercised during	Forfeited during	Balance at end	Exercisable at end
8-Apr-16	1-Jun-20	0.25	3,300,000	-	-	-	3,300,000	3,300,000
8-Apr-16	1-Jun-20	0.25	6,300,000	-	-	-	6,300,000	6,300,000
8-Apr-16	1-Jun-20	0.25	2,000,000	-	-	-	2,000,000	2,000,000
14-Oct-16	14-Oct-20	0.1884	1,000,000	-	-	-	1,000,000	1,000,000
12-Jan-17	12-Jan-21	0.3814	1,000,000	-	-	-	1,000,000	1,000,000
8-Aug-17	9-Aug-21	0.6927	1,000,000	-	-	-	1,000,000	235,100
11-Dec-19	11-Dec-23	0.6	-	1,500,000	-	-	1,500,000	500,000
Total:			14,600,000	1,500,000	-	-	16,100,000	14,335,100

Notes to the Financial Statements

(ii) Shares issued under employee share scheme:

These shares are ordinary shares subject to loan arrangements under the Employee Incentive Plan. The loans relating to the Loan Back Shares must be repaid in accordance with the terms of the Employee Incentive Plan and in any event, within 4 years of the date of issue.

Summary of key loan terms:

Interest rate: 0%

Term of loan: 4 years

The loans are non-recourse except against the Shares held by the participant to which the loan relates.

- (a) On 9 August 2019 the Company issued 300,000 Loan Back Shares to one Senior Manager with a strike price of \$0.31/share). The shares vest based on achieving time-based hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	9-Aug-19
Number of Loan Back Shares	300,000
Date of Expiry	8-Aug-23
Exercise Price	\$0.3100
Share Price at Grant Date	\$0.280
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.69%
Fair Value of each Loan Back Share	\$0.148
Total Fair Value as at 31 December 2019:	\$44,505
Value recognised during the current period:	\$12,262
Value to be recognised in future periods*:	\$32,243

* Value subject to vesting criteria.

Notes to the Financial Statements

- (b) On 29 October 2019 the Company issued 4,200,000 Loan Back Shares to five Senior Managers with a strike price of \$0.2663/share (1,050,000 to two each, 750,000 to two each and 600,000 to the other). The shares vest based on achieving performance and time-based hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	29-Oct-19
Number of Loan Back Shares	4,200,000
Date of Expiry	28-Oct-23
Exercise Price	\$0.2663
Share Price at Grant Date	\$0.280
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.90%
Fair Value of each Loan Back Share	\$0.159
Total Fair Value as at 31 December 2019:	\$665,762

Value recognised during the current period:	\$12,906
Value to be recognised in future periods*:	\$652,857

* Value subject to vesting criteria.

- (c) On 29 October 2019 the Company issued 2,596,876 Loan Back Shares which are ordinary shares subject to loan arrangements under the Employee Incentive Plan, with a strike price of \$0.2663 (5-day VWAP). The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	29-Oct-19
Number of Loan Back Shares	2,596,876
Date of Expiry	28-Oct-23
Exercise Price	\$0.2663
Share Price at Grant Date	\$0.280
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.90%
Fair Value of each Loan Back Share	\$0.159
Total Fair Value as at 31 December 2019:	\$411,643

Value recognised during the current period:	\$411,643
Value to be recognised in future periods:	\$0

Notes to the Financial Statements

- (d) On 4 October 2019 the Company issued 2,250,000 Loan Back Shares to the Executive Chairman that were subject to approval by shareholders. These were subsequently granted after shareholder approval at the EGM on 28 November 2019 with a strike price of \$0.2320/share. The shares vest based on achieving performance and time-based hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	28-Nov-19
Number of Loan Back Shares	2,250,000
Date of Expiry	27-Nov-23
Exercise Price	\$0.2320
Share Price at Grant Date	\$0.230
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.71%
Fair Value of each Loan Back Share	\$0.127
Total Fair Value as at 31 December 2019:	\$285,245

Value recognised during the current period: \$19,765

Value to be recognised in future periods*: \$265,480

* Value subject to vesting criteria.

- (e) On 4 October 2019 the Company issued 1,500,000 Loan Back Shares to the Chief Executive Officer that were subject to approval by shareholders. These were subsequently granted after shareholder approval at the EGM on 28 November 2019 with a strike price of \$0.2320/share. The shares vest based on achieving performance hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	28-Nov-19
Number of Loan Back Shares	1,500,000
Date of Expiry	27-Nov-23
Exercise Price	\$0.2320
Share Price at Grant Date	\$0.230
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.71%
Fair Value of each Loan Back Share	\$0.127
Total Fair Value as at 31 December 2019:	\$190,163

Value recognised during the current period: \$9,959

Value to be recognised in future periods*: \$180,204

* Value subject to vesting criteria.

Notes to the Financial Statements

- (f) On 4 October 2019 the Company issued 1,500,000 Loan Back Shares to one Executive Director that were subject to approval by shareholders. These were subsequently granted after shareholder approval at the EGM on 28 November 2019 with a strike price of \$0.2320/share. The shares vest based on achieving performance hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Employee Share Scheme

Date of Grant	28-Nov-19
Number of Loan Back Shares	1,500,000
Date of Expiry	27-Nov-23
Exercise Price	\$0.2320
Share Price at Grant Date	\$0.230
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.71%
Fair Value of each Loan Back Share	\$0.127
Total Fair Value as at 31 December 2019:	\$190,163

Value recognised during the current period:	\$9,959
Value to be recognised in future periods*:	\$180,204

* Value subject to vesting criteria.

Notes to the Financial Statements

(iii) Performance rights issued to employees and contractors:

- (a) On 9 August the Company issued 193,548 Performance Rights to a Senior Manager. The shares vest based on achieving performance hurdles. The fair value at grant date was determined using Black-Scholes option pricing model using the following inputs:

Fair Value of Performance Rights

Date of Grant	9-Aug-19
Number of Rights	193,548
Date of Expiry	30-Jun-20
Exercise Price	-
Share Price at Grant Date	\$0.280
Volatility	75%
Expected dividend yield rate	0%
Risk free rate	0.69%
Fair Value of each Performance Right	\$0.280
Total Fair Value as at 31 December 2019:	\$54,193

Value recognised during the current period:	\$10,772
Value to be recognised in future periods*:	\$43,421

* Value subject to vesting criteria.

Details of performance rights outstanding during the period are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at beginning	Granted during	Exercised during	Forfeited during	Balance at end	Exercisable at end
14-Oct-16	13-Oct-20	0	308,535			-	308,535	308,535
20-Sep-17	19-Sep-21	0	969,758			-	969,758	669,758
2-Jul-18	1-Jul-22	0	510,000			-	510,000	255,000
1-Aug-18	31-Jul-22	0	240,000			-	240,000	120,000
18-Sep-18	17-Sep-22	0	175,000			-	175,000	175,000
2-Oct-18	1-Oct-22	0	1,622,879		(61,650)	(61,649)	1,499,580	749,790
17-Dec-18	16-Dec-22	0	338,352			-	338,352	169,176
26-Mar-19	26-Mar-23	0	721,655			-	721,655	121,655
9-Aug-19	9-Aug-23	0	-	193,548		-	193,548	-
Total:			4,886,179	193,548	(61,650)	(61,649)	4,956,428	2,568,914

Notes to the Financial Statements

15. DIVIDENDS

No dividends have been paid or declared since the start of the financial period, and none are recommended.

16. COMMITMENTS

	31-Dec-19	30-Jun-19
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
- not later than 12 months	290,594	427,554
- between 12 months and 5 years	261,662	637,546
- later than 5 years	-	-
	552,256	1,065,100

The commitment as 30 June 2019 includes lease commitment which is included in the liability as at 31 Dec 2019 and low value assets which have not been capitalised on the Statement of Financial Position.

17. CONTINGENCIES

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

18. SUBSEQUENT EVENTS

There have not been any significant events that have arisen since 31 December 2019 and up to the date of this report that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

19. RELATED PARTY DISCLOSURES

During the period there were no transactions with related parties.

Directors' Declaration

The Directors of the Company declare that:

- (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date.
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.
- (b) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Christy Forest
Chief Executive Officer & Executive Director
Melbourne, 25th February 2020

Independent Auditor's Review Report to the Members of LiveHire Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of LiveHire Limited (the Company) and its subsidiary (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'David Petersen'.

David Petersen
Partner
Melbourne
25 February 2020