

LiveHire Limited

Quarterly Update Q2 2021

January 22, 2021

LiveHire has had a strong quarter, exceeding our partner expectations in the US

Key Performance Metrics:

Direct Sourcing Performance:	Q420	Q121	Q221
Closing Partners	1	3	11
Closing Clients (Logos)	2	5	8
Revenue (\$)	\$6,900	\$72,344	\$242,116

SaaS Performance:	Q420	Q121	Q221
Closing Clients (Logos)	110	114	120
NRR rate % (rolling 12mth)	80%	80%	82%
Closing ARR Revenue (\$m)	\$3.496	\$3.700	\$3.917

Cash Performance:	Q420	Q121	Q221
Quarterly Cash Receipts (\$m)	\$1.195	\$0.885	\$1.498
Cashburn (\$m)	(\$2.395)	(\$1.955)	(\$1.655)
Closing Cash (\$m)	\$20.981	\$19.026	\$17.372

Direct Sourcing client & revenue growth in line with expectations:

- ✓ Moved from 3 (Q121) to 11 partners, exceeding our goal of 8 partners:
 - CEO led partnerships with focus now on partner enablement (typically 3-6mth process)
 - Expected to provide opportunities to market LiveHire's platform to a material proportion of the Fortune 1000 enterprises
- ✓ 3 additional clients activated during the quarter, taking total to 8 as at Q221:
 - AUD\$80b market cap energy generation & distribution provider in North America
 - Mid-tier staffing firm focused on technology talent for Fortune 1000
 - Alberta Health second provincial government health agency to adopt direct sourcing
- ✓ Quarterly revenue of \$242k for Q221 up 235% up from \$72k in Q121 on plan

SaaS business progressing to plan:

- ✓ Net gain for the quarter of 6 taking total to 120 clients
- ✓ Closing ARR for the Q2 \$3,916,592 up 6% on Q1 21, and 28% up YOY
- ✓ NRR rate % (rolling 12mths) has moved from 80% to 82%
- ✓ Sales productivity / FTE continues to grow up 18% YOY

Cash tracks to plan and TCC's grows strongly:

- ✓ Cash receipts were a record \$1.498m for the quarter, with 12mth rolling at \$4.427m
- ✓ Lower cost base tracking according to plan
- ✓ Cashburn of (\$1.7m) which is 52% lower YOY
- ✓ Strong TCC's for the quarter up 25% to 3.2m:
 - ANZ up 13% to 2.3m and
 - North America up 74% to 0.9m

Our Purpose

Empower the flow of the world's talent.

What we are

- ✓ Cloud based platform
- ✓ Talent Communities
- ✓ Cross border 2-way SMS communication
- ✓ World leading Applicant Tracking System¹
- ✓ AI and machine learning led matching system
- ✓ Consumer type candidate centric experience
- ✓ SaaS & Direct Sourcing business streams



Direct Sourcing Opportunity

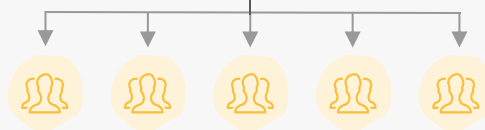
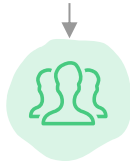
(Addressable US market of \$US800m¹+ in technology spend)

Old way (decades old process)

Example Company with avg. \$100m in contractor annual salary spend, paying ~20%+ supplier markup



Outsourced Provider who manages all staffing suppliers



20+ Staffing suppliers who mark up contractor salaries by ~20%+

New way (Managed Direct Sourcing)

Company with avg. \$100m in contractor salary spend, paying ~10% total markup.



Company branded LiveHire Talent Community, managed by 1 staffing supplier. Filling 40%+ of contractor roles directly.



Fewer staffing suppliers, providing niche contractor roles.



LiveHire revenue of 1-2% of contractor salaries

LiveHire's Performance & Financial Metrics – Glossary

Below we explain a handful of the headline performance and financial metrics, and inputs into key metrics, that we use every day to manage and drive LiveHire's performance.

Monthly Recurring Revenue

Monthly recurring revenue is a point in time monthly view of LiveHire's recurring revenue components. This is a combination of fixed monthly recurring revenue streams, variable monthly recurring revenue streams, and monthly recognised recurring revenue streams for upfront paying clients.

Annualised Recurring Revenue (ARR)

ARR represents Monthly Recurring Revenue at any point in time, multiplied by 12. It provides a 12 month forward view of recurring revenue at a point in time.

Opening ARR

Opening ARR represents the ARR at the beginning of the period.

New Business ARR

New Business ARR represents the ARR derived from new clients secured in that period.

ARR Churn

ARR Churn represents the value of ARR which was not renewed by clients in that period.

Closing ARR

Closing ARR represents the ARR at the end of the period and is calculated as:
 $\text{Opening ARR} + \text{New Business ARR} + \text{Net Upsell ARR} - \text{Churn ARR}$.

ARR Churn %

ARR Churn as a percentage of Opening ARR.

Annualised Recurring Revenue Per Client (ARRPC)

ARRPC is calculated as: $\text{Closing ARR} / \text{number of clients}$

ARRPC is a key metric and can be grown by securing higher value clients, and by adding new products and functionality to provide more value to clients.

Client

A client is defined as being an entity from which ARR is generated at a point in time.

Client Churn

Client Churn as a percentage of opening clients

Client Lifetime (Years)

$1 / \text{client churn rate}$

Gross Margin %

Gross Margin equals Revenue less Cost of Goods Sold. Revenue divided by Gross Margin gives Gross Margin %.

Cost of Goods Sold for a SaaS business represent direct costs to deliver ongoing service. They should not be confused with costs to acquire a customer, and could be thought of in simple terms as costs that scale with the number of customers you have. They include hosting fees, other third party software to deliver the service, and the costs of client implementations, client and platform support, and client success

LiveHire's Performance & Financial Metrics – Glossary

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Lifetime Value

Lifetime Value (LTV) is calculated as New Business ARR x Gross Margin % x Client Lifetime (years)

Client Acquisition Cost (CAC)

Client Acquisition Cost is the cost per new client won of LiveHire's sales & marketing expenditure directly related to the winning of new clients. The current assumption is that 100% of total sales and marketing cost and 90% of solutions cost ,relate to Client Acquisition.

CAC Ratio %

Client Acquisition Cost Ratio represents the ratio of incremental ARR generated by LiveHire's sales & marketing teams in a period, compared to the direct costs of obtaining that incremental ARR. Based on a 2017 survey of SaaS businesses¹ with ARR >US\$5 million, companies spent a median of \$1.15 to acquire each dollar of new ARR (i.e. a CAC Ratio of 87%). Gross margin can be applied to the CAC Ratio and then inverted to give the CAC Payback period (e.g. in the previous scenario, if a business gross margin was 75%, it's CAC Payback period would be $1 / (87\% \times 75\%) = 1.53$, or ~18 months. 18 months was the median CAC Payback period from the aforementioned survey, which implies a median Gross Margin of 75%

Net Revenue Retention (NRR) rate %

Calculated as $(\text{Opening ARR} + \text{upsell ARR} - \text{downsell ARR} - \text{churn} / \text{lost ARR}) / \text{Opening ARR}$. NRR is an indicator that measures how well a business can not only renew but generate additional revenue from its clients post initial sale.

Estimated Annualised Contract Value

Estimated Annualised Contract Value is an estimation of the annual revenue achievable from a client once it is at full ramp

Direct Sourcing Revenue

Direct Sourcing Revenue is the revenue earned from a direct sourcing client in the current financial year

Recurring Revenue

Recurring revenue is the component of statutory reported operating revenue that relates to recurring revenue streams earned during the period being reported on. Recurring revenue streams include hosting fees, user licence fees and ongoing support and maintenance fees.

Non-Recurring Revenue

Non-recurring revenue is the component of statutory reported operating revenue that relates to one-off revenue streams earned during the period being reported on. This predominantly consists of upfront implementation and integrations fees as well as people service/consulting fees.

EBITDA (excl SBP & TTC)

EBITDA excluding Share Based Payments and R&D rebate income, and prior to the transfer of certain costs to the software development asset. It provides a normalised view that excludes significant non-cash expenses, income not considered part of core operations, and includes all salary costs (including those able to be capitalised under the applicable accounting standards).

Appendix 4C

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

Name of entity

LiveHire Limited

ABN

59 153 266 605

Quarter ended ("current quarter")
31st December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 months \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,498	2,383
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(255)	(467)
(c) advertising and marketing	(91)	(135)
(d) leased assets		
(e) staff costs	(2,162)	(4,499)
(f) administration and corporate costs	(738)	(1,201)
1.3 Dividends received (see note 3)		
1.4 Interest received	25	71
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		38
1.8 Other – staff termination costs		
1.9 Net cash from / (used in) operating activities	(1,723)	(3,811)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 6 months \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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	0	0
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	73	212
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	73	212
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,026	20,981
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,723)	(3,811)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 6 months \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	73	212
4.5	Effect of movement in exchange rates on cash held	(4)	(11)
4.6	Cash and cash equivalents at end of period	17,372	17,372

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	2,533	4,188
5.2	Call deposits	14,839	14,839
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)	17,372	19,026

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

250

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.

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

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		

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)	(1,723)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	17,372
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	17,372
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10.1

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:

1. 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:

2. 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:

3. 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: 22 January 2021

Authorised by: Ben Brooks, 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.