

## ASX Release

27 July 2016

# LiveHire Quarterly Activity Report – 30 June 2016

**MELBOURNE, Australia, 27 July 2016** - LiveHire Limited (ASX: LVH, "LiveHire" or the "Company"), a technology company providing a cloud-based productivity platform for human resources and recruitment teams, is pleased to report activity highlights for Q2 2016, following its successful listing on the ASX on 10 June 2016.

### Highlights:

- LiveHire listed on the ASX on 10 June 2016, **successfully raising \$10m** through an Initial Public Offering (IPO)
- LiveHire achieved record quarter and record month of Talent Community Connections (TCCs) during Q2 2016, up **+36% on previous quarter**, indicating significant technology uptake by existing and new clients
- LiveHire achieved an **acceleration in cash receipts** in its first quarter as a listed entity, delivering +150% on previous quarter
- During the quarter, LiveHire implemented its Talent Community platform with a number of new significant Cornerstone Clients including **Alfred Health, Michael Hill and KPMG Enterprise**
- Cash receipts per Talent Community Connection is scaling faster than forecasted and exceeding internal expectations. Clients paid hosting fees through the 'ramp-up' periods at an average cash receipts per TCC per month of \$0.33, trending towards the long term target of up to \$0.50 per connection per month
- **Strong sales pipeline** of advanced client prospects generated during the quarter, and active negotiations with future cornerstone clients, assisted by the recent key addition to LiveHire's commercial team of industry leaders: Paul Bridgewater (RPO channel focus) and Scott Horton (Recruitment)
- **Client retention rate of 100% for the quarter** demonstrating the 'stickiness' of the platform and business model
- Strong balance sheet with **\$10.44m in cash at 30 June**, following IPO, with operating costs in line with budget, whilst achieving material growth on all key performance indicators: Talent Community Connections, new clients signed, client retention and platform usage.

**Antonluigi Gozzi, founder and Managing Director of LiveHire, said:** *"LiveHire has developed a very unique technology that we believe is a game changer for HR and recruitment teams. LiveHire's technology provides 'talent-on-demand', increases exclusive access to talent for large and small organisations, and helps manage up to 100% of a client's recruitment needs, whilst saving significant costs. This is when technology can really capture significant value and grow at an exponential rate. The return on investment of implementing a Talent Community is now proven with multiple cornerstone clients leading the way in many industries. The business has also demonstrated that the Platform can scale exponentially in usage without material increases in costs or resources.*

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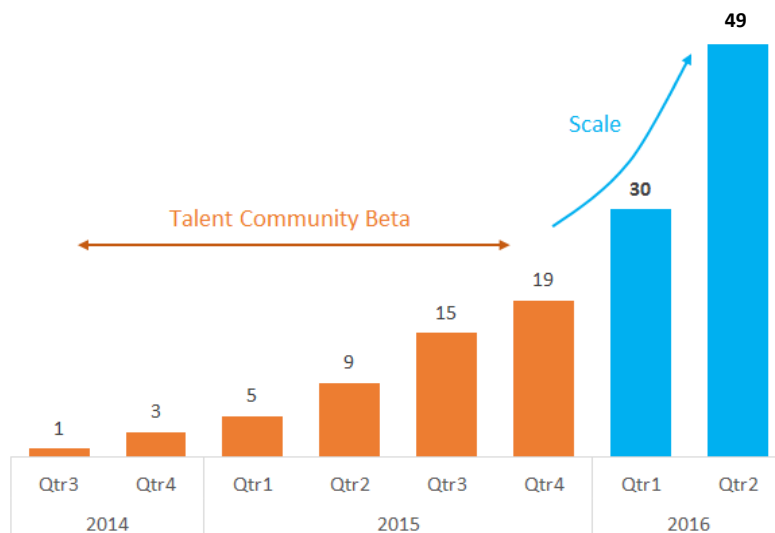
*“Following a successful period of scaling clients prior to listing on the ASX, we have built on these strong foundations with one of Australia’s leading healthcare providers and commenced an important partnership with one of the world’s largest RPO providers, Randstad Sourceright. We are looking forward to communicating further with the market upon the successful signing and implementation of significant cornerstone client wins and RPO partnerships which will ultimately drive LiveHire’s accelerated growth in Australia and overseas.”*

**Geoff Morgan AM, Non-Executive Chairman of LiveHire, said:** *“I firmly believe that LiveHire’s technology and vision has the potential to transform how the best companies hire and manage talent not just nationally but internationally, turning recruitment from ‘Reactive to Proactive’ and in turn saving significant time and costs.”*

**IPO on ASX coincides with growth in number and size of clients**

LiveHire experienced impressive growth in the number of clients, increasing paying Talent Community client implementations from 19 as at 31 December 2015 to 49 as at 30 June 2016.

LiveHire Client Growth



As the technology has scaled and matured, LiveHire has been able to attract clients of increasingly larger size (cornerstone clients), with significant and constant hiring needs, requiring first-class system integration and customer support.

LiveHire’s investment in its customer success team has driven the Company’s strong 100% client retention for the quarter, while client retention for the past 12-months is continuously above 90%. LiveHire has also received positive public endorsements from some of Australia’s leading companies.

**LiveHire’s revenue model based on Talent Community Connections**

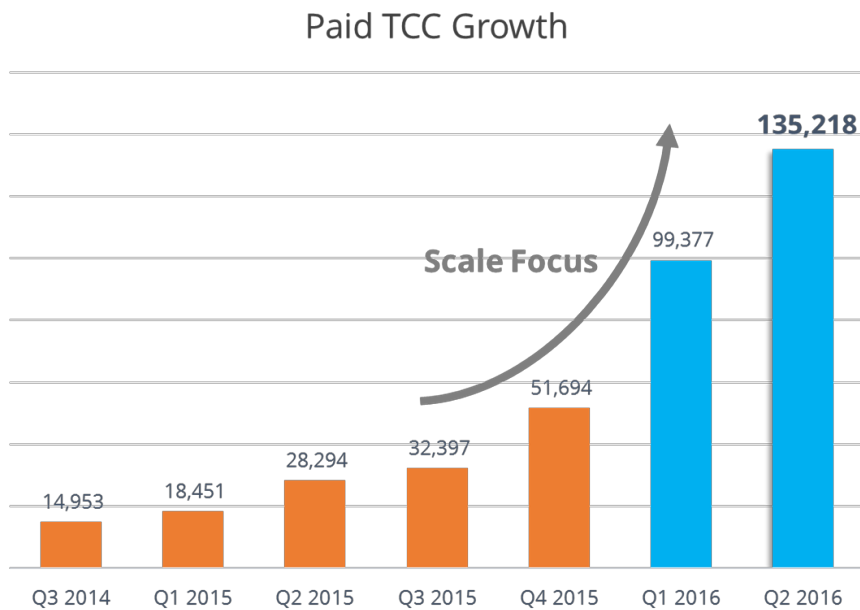
LiveHire’s key performance metric and lead indicator of revenue is the total number of Talent Community Connections (TCCs). The standard LiveHire contract for each Talent Community client charges a monthly fee of \$0.50 per TCC per month (or \$6 per annum). It is important to note that individual candidates on the LiveHire platform can, over time, be connected to multiple client Talent

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Communities simultaneously, generating multiple revenue opportunities for LiveHire from each candidate profile.

The number of paid TCCs is therefore a leading indicator of the Company's performance.

Over the last quarter of FY16, paid TCCs increased from 99,377 to 135,218, or +36% over the previous quarter and +375% compared to the previous year (refer chart below).



Clients build private Talent Communities to an 'optimal size' to address up to 100% of their hiring needs. The optimal size of a Talent Community is estimated to be 5-10 times the size of an organisation's workforce, and possibly larger for recruitment and labour hire firms.

As a practical example, an enterprise with 5,000 employees would build a Talent Community of 25,000-50,000 candidates depending on their specific industry trends and turnover rates. After the initial 'ramp-up' period, such company will pay a monthly hosting fee of \$12,500-\$25,000, equivalent to \$150,000-\$300,000 per year for hosting fees.

Underpinning the growth in TCCs numbers, LiveHire's strategy is based on three key pillars:

1. Signing Cornerstone Clients in various target industries;
2. Establishing distribution partnerships with key global Recruitment Process Outsourcing (RPO) providers and implementing Talent Communities for their clients;
3. Delivering technology integrations (APIs) with technology providers to HR and Recruitment business functions, to seamlessly integrate the Talent Community product into the daily activities of each client.

The Company has and will continue to regularly report all material news, particularly when related to its three strategic pillars of growth.

The strategy of focussing on larger cornerstone clients and RPOs has been successful to date, with **three new cornerstones implemented and one RPO partnership commenced during the quarter**, which are expected to deliver increased revenue growth as each client completes their on-boarding and is charged up to \$0.50 per TCC per month.

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The table below presents the revenue potential of the Talent Community Platform for enterprise clients of various sizes:

- Small Enterprise (500 employees) \$35,000 per annum
- Medium Enterprise (1,500 employees) \$77,500 per annum
- Large Enterprise (10,000 employees) \$320,000 per annum

Analysis conducted by LiveHire clients has indicated a return of investment of 5x the cost of the Talent Community platform, generating an overall cost saving of recruitment functions of up to 40%.

	Enterprise Client Size		
	Small	Medium	Large
Full Time Employees (FTEs)	500	1,500	10,000
TC Multiple (5-10)	10.0	7.5	5.0
Optimal TC Size	5,000	11,250	50,000
Hosting Fee	\$0.50	\$0.50	\$0.50
Monthly Hosting Revenue	\$2,500	\$5,625	\$25,000
Yearly Revenue	\$30,000	\$67,500	\$300,000
One Off Set-Up Fees	\$5,000	\$10,000	\$20,000
Annualised TC Contract Value	\$35,000	\$77,500	\$320,000
Annual Turnover	20%	16%	12%
Annual Recruitment costs	\$600,000	\$1,440,000	\$7,200,000
Cost savings estimated through LiveHire	\$180,000	\$360,000	\$1,440,000
ROI from LiveHire platform	5.1x	4.6x	4.5x

### Cash position as at 30 June 2016 of \$10.44m

The attached Appendix 4C covers cash flow for Q2 2016.

The Company holds \$10.44m in cash, is debt-free, and has expenditure run rate and revenue growth in line with budget and forecasts.

During the final quarter of FY2016, LiveHire experienced an acceleration of cash receipts to \$124,000 for the quarter, representing an increase of +150% from the previous quarter. This increase has been achieved primarily through commercial scaling, without any significant increase in operating costs or resources.

In terms of average price charged per TCC, the Company's average cash receipts per TCC per month was \$0.33 (or \$4 per annum), which is above expectations and trending towards the full long-term target of \$0.50 per TCC per month. The average revenue per Talent Community Connection is impacted by the initial 'ramp up' period built into client contracts to allow them to reach maximum scale quickly.

During the quarter, LiveHire received an R&D tax incentive grant of \$550,000 with respect to software research and development expenditures.

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The attached Appendix 4C for Q2 2016 includes non-recurring expenses of \$754,000 for transaction costs, brokerage, ASX fees and legal expenses related to the IPO listing process.

**Understanding LiveHire's Technology Platform - LiveHire business model is unique in HR and a 'game-changer'**

LiveHire is a cloud-based productivity platform for human resources (HR) and recruitment teams, delivering talent-on-demand. The platform enables clients to leverage their brand, talent database, networks and digital assets to invite and uniquely curate all talent into a single destination – a private 'Live Talent Community'.

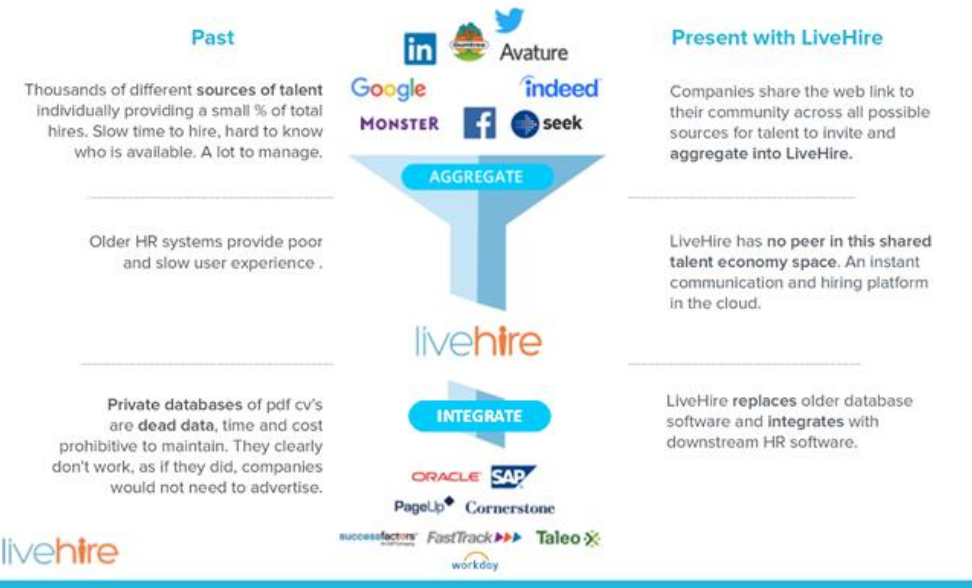
All suitable current, past or future candidates for employment are invited to become part of the Talent Community by creating a private profile, or simply connecting to a Talent Community if they already have an existing LiveHire profile. The candidate can manage their relationship with each employer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

LiveHire can be seen, uniquely, as the 'destination for all talent' that is attracted to an organisation, as opposed to a single source of applicants. LiveHire merges all sources of candidates, called 'channels', into one Talent Community where candidates can privately manage and update their profile. For this reason, LiveHire does not compete with individual source channels, such as job advertising or social networks, nor does it compete with hosted HR Systems, as LiveHire can easily integrate with these systems. The LiveHire model is unique and as a result enjoys a first mover advantage.

It is relevant to know that companies usually hire from a mix of source channels at the same time. Of these job boards can represent up to 20-25% of all hires, while the majority 75-80% comprise of other channels such as referrals, careers pages, internal candidates, re-hires, agency, word of mouth and more. LiveHire is channel agnostic and integrates with all channels that a company chooses to use to attract talent to their organisation.

**Where LiveHire sits**

LiveHire aggregates source channels of talent to grow and integrates with **traditional databases**



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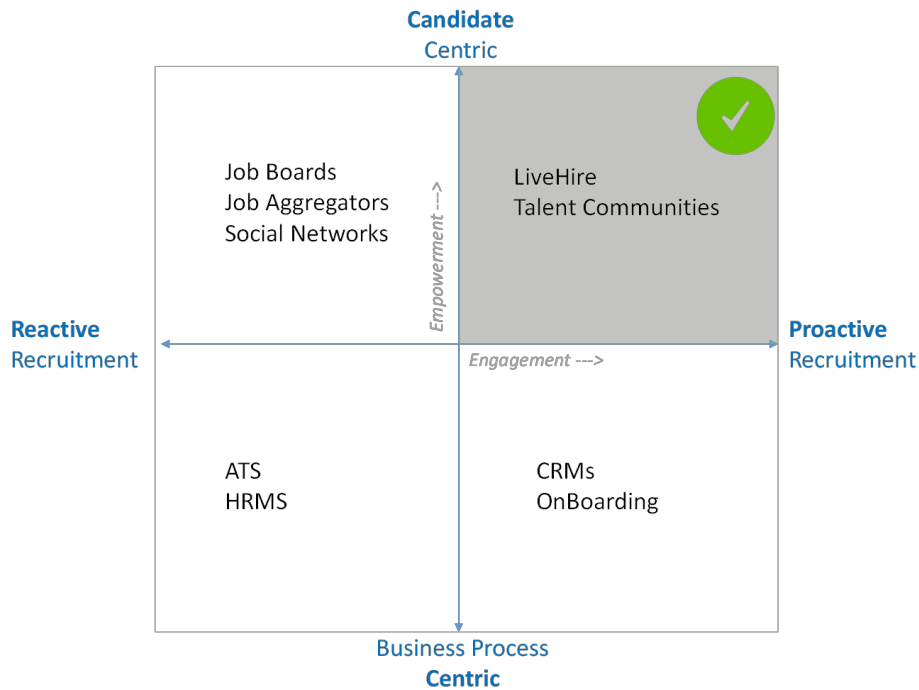
As a result, the LiveHire Platform enables recruiters and hiring managers to turn recruitment from reactive to proactive by connecting directly with large talent pools of engaged candidates with live and up-to-date profiles. This saves recruitment and sourcing teams enormous time to hire by reducing the effort required to go through tens or hundreds of paper CVs per job vacancy.

LiveHire, therefore, is categorised as a 'productivity tool' for HR and recruitment teams, as it delivers proven and significant value through improved time to hire of up to 60% and cost savings of up to 40%, coupled with an exceptional candidate experience which increases quality of hire (the three fundamental recruitment KPIs – time, cost and quality). All of this activity is facilitated via an inbuilt CRM platform, with features for immediate communication, directly between the candidate and the hiring manager/recruiter, using SMS, email, mobile app and the web application.

LiveHire develops all its technology in-house in Australia, using the most efficient agile methodology, and continuously adds product features that help HR and recruitment teams be most productive while hiring up to 100% of all talent through the Talent Community platform.

All of this gives LiveHire a unique market position, differentiating it from existing HR and recruitment technologies by uniquely enabling organisation to transition to proactive, candidate centric recruitment (refer graphic below).

### Talent Sourcing Technologies



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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Livehire Limited

ABN

59 153 266 605

Quarter ended ("current quarter")

30 June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	124	373
1.2 Payments for (a) staff costs	(895)	(2,002)
(b) advertising and marketing	(118)	(241)
(c) research and development	(101)	(299)
(d) leased assets	-	-
(e) other working capital	(372)	(951)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Research & development refund	550	550
<b>Net operating cash flows</b>	<b>(799)</b>	<b>(2,545)</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(799)	(2,545)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(6)	(18)
(e) other non-current assets	(8)	(23)
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	(14)	(41)
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>	(813)	(2,586)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	10,000	13,220
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – IPO transaction costs	(754)	(958)
<b>Net financing cash flows</b>	9,246	12,262
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	2,009	766
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	10,442	10,442

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	168
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payment of Directors salaries/fees of \$168k.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**Reconciliation of cash**

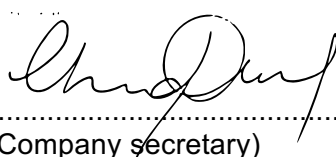
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	89	88
4.2 Deposits at call	10,300	1,902
4.3 Bank overdraft	-	-
4.4 Other(a) Deposits for Bank Guarantees	53	19
<b>Total: cash at end of quarter</b> (item 1.23)	10,442	2,009

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 27 July 2016  
 (Company secretary)

Print name: Charly Duffy

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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