

Bigtincan Holdings Limited (BTH)

Upgrading our price target – Outlook extremely strong

17 December 2020

Wayne Sanderson – Head of Research

wayne.sanderson@sequoia.com.au

+61 400 434 548

Recommendation Buy (High Risk)

Risk Rating	High
12-mth Target Price (AUD)	\$1.38 (was \$0.95)
Share Price (AUD)	\$1.10
12-mth Price Range	\$0.26 - \$1.60
Forecast 12-mth Capital Growth	25.5%
Forecast 12-mth Dividend Yield	0.0%
12-mth Total Shareholder Return	25.5%

Market cap (\$m)	416.6
Net debt (net cash) (\$m)(Jun 20)	(69.3)
Enterprise Value (\$m)	347.3
Gearing (Net Debt/ Equity)	N/a – Net Cash
Shares on Issue (m)	378.7
Options / Perf rights on Issue (m)	10.7
Sector	Software
Average Daily Value Traded (\$)	\$2,242,000
ASX 300 Weight	n/a

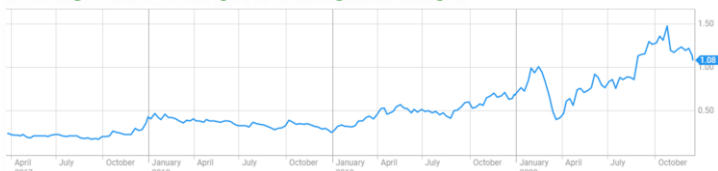
Financial Forecasts

Years ending June \$m	19(A)	20(A)	21(e)	22(e)	23(e)
Sales revenue	19.9	31.0	41.0	52.2	65.3
Sales growth	51%	56%	32%	27%	25%
Cash operating costs	-24.9	-38.4	-46.0	-50.5	-55.2
EBITDA	-3.3	-7.9	-6.3	0.6	8.8
NPAT (reported)	-4.1	-12.2	-8.7	-2.1	5.9
NPAT (adjusted)	-3.8	-10.0	-8.7	-2.1	5.9
EPS (adjusted)	-1.6	-3.3	-2.3	-0.5	1.5
EPS growth	-56%	101%	-32%	nm	-375%
DPS	0.0	0.0	0.0	0.0	0.0
OCF / share	-2.9	0.6	-0.9	1.0	3.8

Valuation Metrics

P/E	-66.8x	-33.2x	-48.6x	-201.0x	73.0x
P / OCF	-38.3x	180.9x	-115.8x	110.7x	28.9x
EV / Sales	19.7x	11.2x	8.8x	6.8x	5.3x
EV / Ebitda	-120.0x	-43.8x	-57.3x	640.6x	39.0x
Cash from Operations	-6.6	1.8	-3.7	3.9	14.8
Net Cash (Net Debt)	25.1	69.3	57.1	60.4	72.0
Enterprise Value	391.4	347.3	359.5	356.2	344.6

BTH SHARE PRICE PERFORMANCE



Summary

Bigtincan Holdings Limited (BTH) was founded in Sydney in 2011 and has become a recognised global leader with its “Bigtincan Hub” sales enablement software. The platform uses machine learning and artificial intelligence (AI) to provide sales collateral, training and coaching to sales and customer service reps in the field to increase their selling effectiveness. It enables reps to securely access all types of content (files, documents, PDFs, PowerPoint presentations, e-mail, video etc.) from a single data source and to automate work processes and documentation across any mobile device or fixed network.

BTH has ~16 offices across the USA, Europe & Middle East, Australia and Asia with its global sales and marketing headquarters in Boston, and corporate administration in Sydney.

It has long-standing strategic alliances with Apple, Salesforce.com, AT&T and a total of 29 partners / resellers.

BTH has >300,000 users across >400 deployments in over 52 countries and 35 languages. Recent new customer wins include DXC Technology, Sephora, Anheuser Busch and Nike.

AGM reaffirms revenue guidance

BTH reaffirmed guidance given with the FY20 result for revenue of A\$41-44m for FY21. We estimate this implies organic revenue growth of 29% to 38%.

This is even more impressive when one considers the A\$ has recently appreciated to \$0.75 from the FY20 average of \$0.671 (+ 12% against the US\$), devaluing BTH's largely US derived revenues.

FY20 Result

- FY20 Revenue \$31.0m +56% (35% organic + 16% from acquisitions). This was a strong result, but was 11% below our forecast.
- FY20 Ebitda was a loss of (\$7.9m) v (\$3.3m pcp). This included \$1.3m losses from the 3 acquisitions in the year. This was \$5.2m worse than our forecast loss of \$2.7m.
- Operating cash flow was positive for the first time at \$1.8m (v \$6.6m burn pcp). It was boosted by a \$10.8m working capital benefit – customers paying 12 months in advance.
- Closing net cash \$69.3m (v \$25.1m) includes \$19.6m (v \$9.6m) unearned revenue received in advance.
- Annualised Group Revenue +53% (\$35.8m v \$23.4m pcp).

Forecasts and Recommendation

We have revised our revenue forecasts down by 23%, 21% and 21% for FY21e, FY22e and FY23e. This downgrade includes an estimated 12-15% adverse currency impact.

We have changed our methodology for our Composite valuation. Our valuation range is \$0.97 (DCF) to \$1.69 (US SaaS peer group revenue multiples, discounted heavily) with a Weighted Composite valuation of \$1.38 per share. This implies 25% upside from the current price.

We maintain our Buy recommendation on this exciting emerging global SaaS company. With strong tailwinds post Covid, we think that BTH has never been in better shape.

What has changed?

1. Changes in Estimates - We lower our estimates for lower than expected FY20 results, FX impact on US-derived revenues, and also incorporate the recent Agnitio acquisition.
2. Acquisition of Danish software company Agnitio A/S for up to A\$4.95m (A\$3.3m plus conditional deferred cash consideration of up to \$1.65m). Estimated ARR A\$1.6m.
3. AGM update on 25/11/20. Revenue guidance reaffirmed for \$41-44m for FY21 (v \$31.0m) implying 29-38% organic growth (midpoint 33.5%).
4. September quarter report and Appendix 4C cash flow report – Cash receipts a bit soft solely due to seasonality and timing of receipts.
5. FY20 Results review – Strong result, but revenue 11% below our forecasts.

1. Changes in Estimates

We lower our estimates following lower than expected FY20 results and adverse currency moves as the A\$ appreciates against the US\$ which devalues US-based revenues. We forecast revenue for BTH in US dollars, and convert back to Australian dollars using a \$0.735 average FX rate for FY21 (previously \$0.65, down -13%) and \$0.75 thereafter (previously \$0.65, down -15%).

We also include the Agnitio acquisition in our forecasts but it is small (\$1.7m or 3.3% of revenue in FY22e).

BTH: Changes in Estimates Years ending June \$m	FY20	Old	FY21e New	Change	Old	FY22e New	Change	Old	FY23e New	Change
Avg FX rate assumed: AUD/USD	0.671	0.650	0.735	13.2%	0.650	0.750	15.4%	0.650	0.750	15.4%
Sales revenue	31.0	53.1	41.0	-22.8%	66.4	52.2	-21.3%	82.9	65.3	-21.3%
Sales growth	56%	53%	32.1%		25%	27%		25%	25%	
Cost of sales	-4.8	-7.4	-5.7	-22.8%	-9.0	-7.0	-21.3%	-10.8	-8.5	-21.4%
Gross profit	26.2	45.6	35.2	-22.8%	57.4	45.2	-21.3%	72.1	56.8	-21.2%
Gross profit margin %	84.6%	86.0%	86.0%	0.0%	86.5%	86.5%	0.0%	87.0%	87.0%	0.0%
Other revenue (Govt grants etc)	0.6	0.0	0.0		0.0	0.0		0.0	0.0	
Operating costs	-34.8	-46.3	-41.5	-10.4%	-50.0	-44.6	-10.8%	-53.9	-48.0	-11.0%
EBITDA	-7.9	-0.7	-6.3	830.7%	7.4	0.6	-92.4%	18.2	8.8	-51.5%
Ebitda margin	-25.6%	-1.3%	-15.3%	-14.0%	11.1%	1.1%	-10.0%	22.0%	13.5%	-8.4%
Depn & Amortisation	-2.0	-2.4	-2.4	1.8%	-2.6	-2.7	1.8%	-2.9	-3.0	1.9%
EBIT	-10.0	-3.1	-8.7	183.6%	4.7	-2.1	-145.1%	15.3	5.9	-61.6%
Ebit margin	-32.2%	-5.8%	-21.3%	-15.5%	7.1%	-4.1%	-11.2%	18.5%	9.0%	-9.5%
NPAT (reported)	-12.2	-3.1	-8.7	183.6%	4.7	-2.1	-145.1%	15.4	5.9	-61.9%
NPAT (normalised)	-10.0	-3.1	-8.7	183.6%	4.7	-2.1	-145.1%	15.4	5.9	-61.9%
EPS (normalised)	-3.3	-0.8	-2.3	176.3%	1.2	-0.5	-144.7%	4.0	1.5	-62.3%
DPS	0.0	0.0	0.0	n/a	0.0	0.0	n/a	0.0	0.0	n/a
Balance Sheet:										
Net cash (debt)	69.3	46.4	57.1	23.0%	53.0	60.4	13.9%	68.8	72.0	4.6%
Shares on issue (year-end)	383.9	375.3	385.2	2.6%	378.3	388.2	2.6%	378.3	388.2	2.6%
Composite valuation		\$ 0.96	\$ 1.38	44.0%						

Source: Sequoia estimates

Comment on Forecasts & Valuation

We consider BTH's revenue growth and customer growth progression to be more important than minor changes in Ebitda or NPAT at this early stage in BTH's rapid growth path (BTH is just 9 years young). BTH is building a US-based global business in a strong growth segment. It is benefitting from multiple growth trends – Increasing mobility of workers (including working from home), increased adoption of cloud computing, increased use of artificial intelligence (AI) to improve efficiencies, increased document automation. And it continues to invest in product development and product capability and acquisitions. So in many ways, BTH has not yet hit steady state yet. Covid has accelerated BTH's already strong revenue drivers. The outlook is extremely strong.

2. Agnitio acquisition

- On 8/10/20 BTH announced the acquisition of Agnitio A/S, a Danish software company operating in the sales enablement space in the Life Sciences (Healthcare) sector.
- Founded in 2001 (19 years). Based in the Copenhagen / “Medicon Valley” area which spans eastern Denmark and southern Sweden. This has become one of Europe’s leading life-sciences clusters with many life-sciences companies, universities and research institutions located within a small geographic area, a vibrant ecosystem and deep talent pool.
- Agnitio’s “Rainmaker” software empowers customer facing teams in Life Sciences/ Healthcare to be more efficient and proactive. It creates a virtual “Digital Sales Room” for virtual selling and interaction with customers. Gartner says that by 2025, 50% of all enterprise B2B sales technology implementations will include digital sales rooms (per BTH announcement).
- Customers include leading life science customers (Bayer, BIAL, Philips and Roche) with over 3,000 users in 45 countries.
- Initial consideration is DKK 15m (~A\$3.3m) plus a conditional deferred cash amount of up to DKK 7.5m (~A\$1.65m), for a maximum consideration of ~A\$4.95m. The deferred element is based on Agnitio achieving target revenue and subscription revenue in the 6 month period 1/10/20 to 31/3/21.
- Estimated sustainable ARR (Annual Recurring Revenue) is A\$1.6m, primarily generated in Europe from customers in the Life Sciences vertical.
- BTH is paying approximately 3.1x forecast revenue, pre-synergies.
- BTH plans to retain all Agnitio management and staff (20 FTE’s at acquisition; 41 on LinkedIn) and integrate the technology into other BTH product offerings.
- Refer: [Digital engagement technologies for the life sciences | Agnitio](#)
- Refer: [Agnitio - A Bigtincan Company: Overview | LinkedIn](#)

Our Comments

We think this acquisition is highly complementary to BTH’s existing business, and brings a number of high quality European-based life science / healthcare companies to the fold. Agnitio’s 19-year history and established customer base looks a very good addition for BTH.

We can easily see how the “virtual sales rooms” concept can be applied to other customers of BTH outside Europe, and also into other verticals. So we expect strong revenue synergies going forward.

The acquisition multiple being paid looks very reasonable for an established Tech business. We think there should be significant further international expansion potential.

In addition, we think Covid is a strong tailwind for Agnitio – In a September presentation, Agnitio said in June, reps sent 10 times more approved emails to HCPs (Health Care Professionals) using its Rainmaker product compared to previous months. Remote meetings doubled. Research has revealed that HCPs often prefer virtual meetings because of their compliance, security and convenience, signalling a long-term shift towards this model.

Description on LinkedIn

About

Connected digital sales tools that empower your sales force

Agnitio delivers innovative customer engagement solutions for pharma and medical device companies. We strongly believe that the right technology enables you to help healthcare professionals help their patients.

Agnitio's Rainmaker suite enables your sales team to deliver great HCP experiences online and in-person. Designed to be flexible, Rainmaker meets your needs now and in the future:

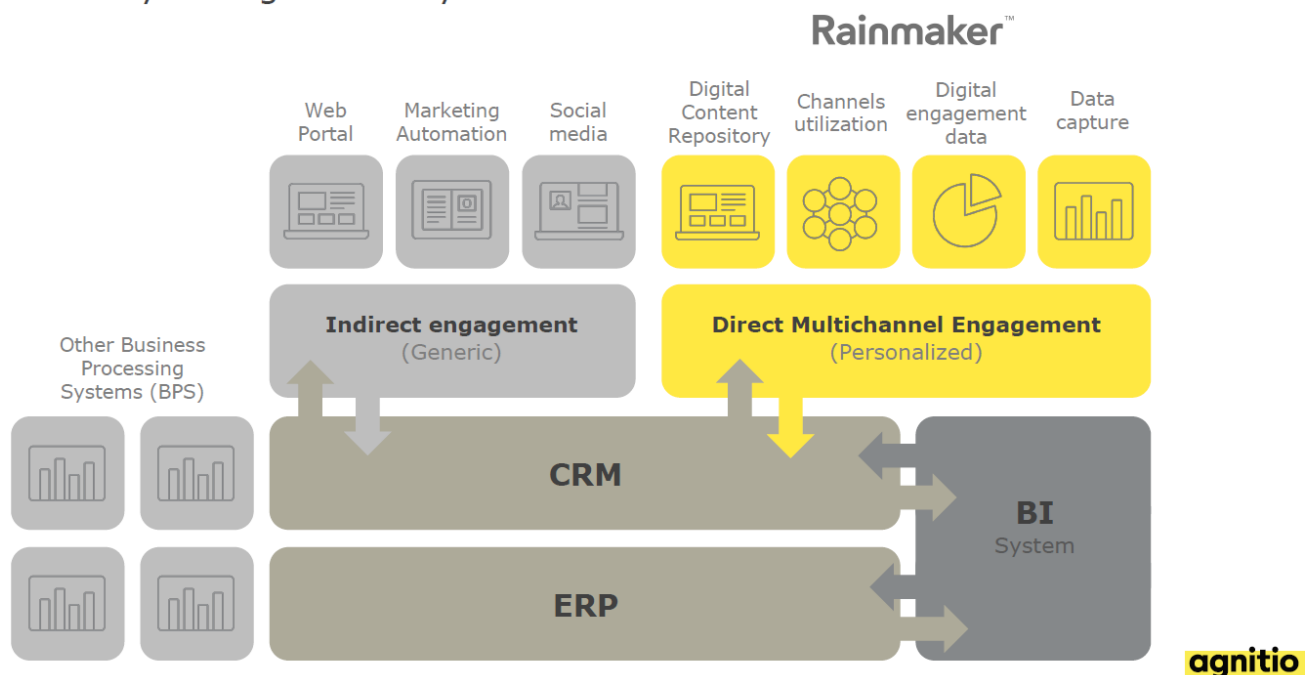
- An ever-expanding suite of channels, including e-detailing, remote detailing, mini-webinars, approved email, micro-websites
- Modular design, allowing you to start with any channel and then expand as you move forward with HCP digital communications
- Connects to any existing CRM system and works 'standalone' too, delivering you market data no matter how your IT infrastructure is set up
- Fits multiple marketing strategies: sales rep empowerment, connected multichannel communications, remote HCP engagement, key account management

Rainmaker is informed by decades of experience in digital communications for the life sciences. Agnitio has long-standing relationships with major pharma and medtech companies including Bayer, BIAL, Philips, and Roche. And we work closely with companies on strategy and implementation to ensure that you maximize the benefits of Rainmaker and the wider possibilities of digital communications in the life sciences. [see less](#)

Ignitio's Rainmaker - Schematic Diagram

Technology map

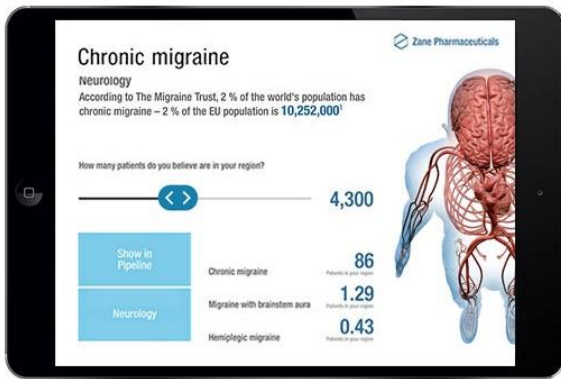
Customized engagements that fully integrate with your digital eco-system



Source: Agnitio presentation 29/9/20

Rainmaker – Website examples

A



Rainmaker™

E-detailing for HCP engagement

Make your face-to-face engagements more powerful with digital content. We track every interaction with your presentation, offering you actionable insights, so you can grow the next conversation and quickly adapt to market changes - made easy with built-in editing, approval and deployment tools.

Discover Rainmaker E-detailing

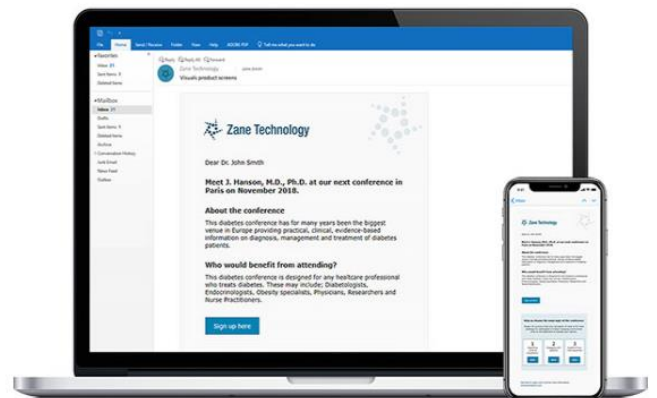
B

Rainmaker™

Approved email campaigns

Empower your reps with a channel for personalized and fully compliant HCP emails. With approved email, your marketing team develops compliant content that sales share with contacts that have given consent. You track every interaction with and within the email.

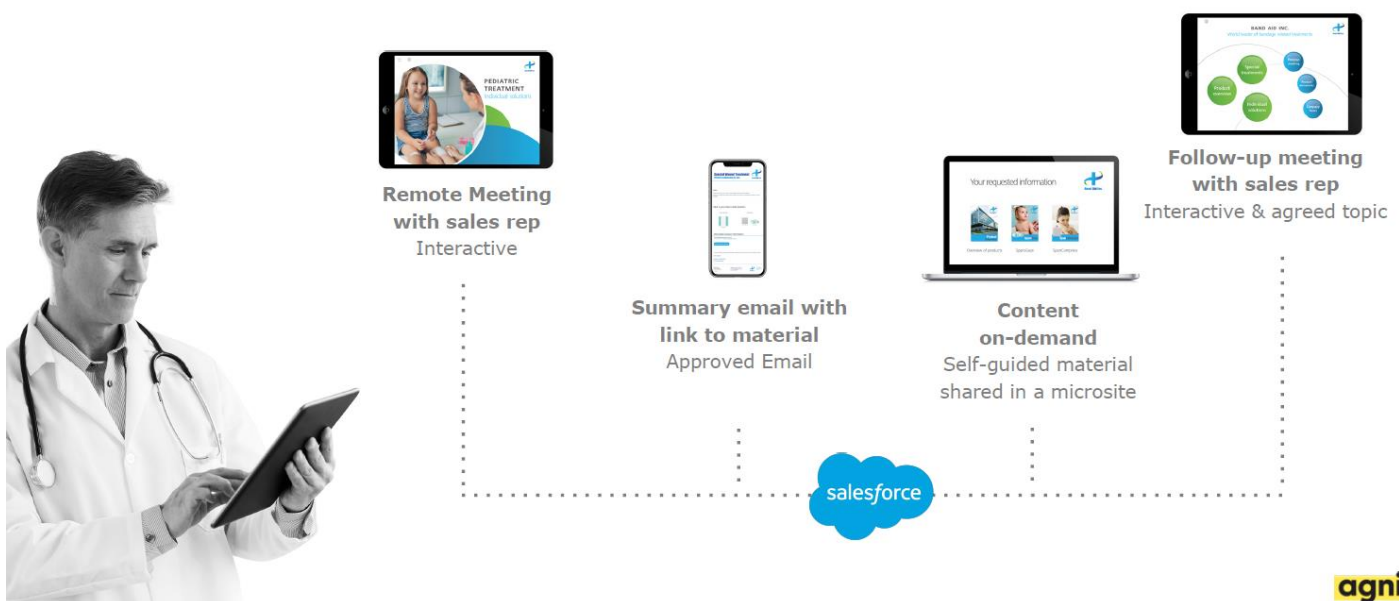
Discover Rainmaker Compliant Emails



Source: <https://agnitio.com>

Customer case

Using digital to drive better customer segmentation (DE/FR)



Source: Agnitio presentation 29/9/20

agnitio

3. AGM Feedback

BTH's AGM on 25/11/20 was very upbeat, with FY20 being BTH's "best year yet" and Covid driving BTH customers towards a long-term digital, mobile and remote world. We summarise the key data points in this rapidly growing business, which is still largely US dominated, but has clear global expansion potential.

- BTH seeing improving unit economics and improved utilisation of its system
- BTH benefitting from the acceleration of the Digital and Remote Economy
- >400 customer deployments
- >300,000 active licences (seats)(implies ~ 750 users per customer)
- Users in 52 countries and 35 languages (e.g. Merck – runs BTH in 37 countries)
- 16 BTH offices
- 29 global partners including Salesforce and a strategic relationship with Apple
- 4 patents on key technologies
- 35 of the Fortune 500 as customers (465 or ~93% still available)
- 100 million user interactions (shows strong user engagement)
- 15 million Learning course completions (e-learning and new employee onboarding is gaining new prominence for BTH since Covid)
- 8 million content assets (shows strong user engagement)
- 74% increase in Hub driven customer meetings (Covid boost)
- Over 100 new features and capabilities added across 5 platforms (BTH continues to invest strongly in developing its platform)
- 54% increase in staff numbers including acquisitions (178 employees on LinkedIn)
- New "lighthouse" customers making long-term commitments including Sephora, DXC, Nike, Red Bull and John Hancock (\$14m in revenue on announced deals)
- Industry awards – second CODIE award; Recognised by Gartner in the Gartner Market Guide, for the third year running.
- 3 acquisitions in FY20 and 1 in 1H21 (7 since IPO in March 2017). Market forces remain favourable for further M&A by BTH.

Guidance reaffirmed

- Guidance given at the result on 26/8/20 affirmed for ARR of \$49-53m (v June's \$35.8m figure, implying +37% to +48% growth). NB. No adjustment was made for Agnitio acquisition but at \$1.6m ARR, it is pretty small in the scheme of things.
- Guidance given at the result affirmed for FY21 Revenue of \$41-44m, v \$31.0m FY20. This implies 32% to 42% headline revenue growth. This includes the full-year effect of the 3 acquisitions made last year.
- Adjusting for the full year effect of last year's acquisitions, BTH's guidance implies 29% to 38% organic growth (midpoint 33.5% growth) calculated as follows:

BTH: Revenue Guidance \$m	FY20	FY20 with full yr of acqns	FY21 Guidance Low	FY21 Guidance High
Revenue - Basic	27.5	27.5		
Acquisitions:				
Veelo (19/7/19)	1.170	1.276		
Asdeq Labs (4/9/19)	0.460	0.552		
Xinnovation (3/10/19)	1.889	2.519		
Total revenue	31.0	31.8	41.0	44.0
Implied revenue growth %			29%	38%
Midpoint				33.5%

Source: Company announcements; Sequoia calculations

Q1 Operations Report

BTH cash flow metrics were a bit soft in Q1, but this followed a very strong March and June quarters with timing of annual subscriptions seasonal. We highlight the key metrics in yellow below.

BTH: Analysis of Quarterly Cash Flow Reports		FY18 Year	1QFY19	2QFY19	3QFY19	4QFY19	FY19 Year (y/e Jun)	1QFY20	2QFY20	3QFY19	4QFY20	FY20 Year (y/e Jun)	1QFY21	Qtr Growth QonQ	Qtr Growth Vs pcp
1. Receipts from customers	16.9	3.4	4.5	5.4	5.5	18.8	5.3	9.1	14.9	10.4	39.7	4.5	-57%	-15%	
1a. Other Revenue (Government Grants)	0.1	0.2	0.6	0.1	0.2	1.0	0.1	0.1	1.2	1.5	2.9	0.5	-70%	379%	
1b. Revenue per P&L released subsequently	13.1					19.9					31.0				
1c. Cash receipts as a % of revenue	128%					95%					128%				
2. Cash Payments															
Advertising & marketing	(2.6)	(0.6)	(0.9)	(0.4)	(0.6)	(2.5)	(0.6)	(0.9)	(0.9)	(0.4)	(2.8)	(0.6)	40%	-2%	
Staff costs	(13.8)	(4.9)	(5.3)	(5.1)	(5.1)	(20.4)	(6.0)	(7.7)	(8.7)	(9.4)	(31.4)	(9.0)	-4%	51%	
Administration and corporate	(1.9)	(1.3)	(1.3)	(1.3)	(1.3)	(5.3)	(1.3)	(1.9)	(1.5)	(2.5)	(7.2)	(1.9)	-22%	43%	
Interest received	0.1	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	200%	620%	
Other	0.0		(0.0)	(0.0)		(0.0)					0.0	0.0			
Cash expenses	(18.2)	(6.8)	(7.4)	(6.8)	(7.0)	(28.0)	(7.9)	(10.4)	(11.1)	(12.3)	(41.3)	(11.5)	-6%	45%	
3. Operating Cash flow	(1.2)	(3.2)	(2.3)	(1.4)	(1.4)	(8.2)	(2.5)	(1.2)	5.0	(0.333)	1.3	(6.5)	1860%	159%	
4. Investing Cash Flow															
Property Plant & Equipment	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)		(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)	177%	493%	
Businesses	0.0	(3.3)	(2.6)	(0.1)	0.0		(4.8)	(6.8)	0.0		(11.6)	(0.9)	n/a	-82%	
Intellectual Property (capitalised R&D)	0.0	0.0	0.0	0.0	0.0		(0.6)	(0.6)	(0.8)	(1.1)	(3.5)	(1.1)	0%	83%	
Other	0.0	0.0	0.0	0.0	(0.0)		(0.0)	(0.2)	(0.0)	(0.0)	(0.3)	0.0	-100%	-100%	
Total Investing Cash Flow	(0.1)	(3.3)	(2.6)	(0.1)	(0.0)	(6.0)	(5.4)	(7.7)	(0.9)	(1.1)	(15.6)	(2.0)	83%	-63%	
5. Cash from Financing	14.2	0.9	(0.0)	0.0	14.6	15.5	0.0	18.8	(0.0)	41.8	60.7	(0.3)	-101%	-1312%	
6. Net increase (decrease) in cash	12.9	(5.7)	(4.9)	(1.5)	13.3	1.3	(7.9)	9.9	4.1	40.4	46.4	(8.9)	-122%	12%	
7. Cash at end of period	25.4	18.5	13.6	12.2	25.4	25.4	17.6	27.4	31.5	71.9	71.9	63.0	-12%	259%	
ANALYSIS															
Cash Receipts - Annualised		13.7	18.0	21.4	22.1		21.3	36.2	59.6	41.8		18.1	-57%	-15%	
Other Revenue - Annualised		0.6	2.5	0.2	0.6		0.4	0.2	4.9	6.1		1.9	-70%	379%	
Cash Payments - Annualised		(27.0)	(29.5)	(27.2)	(28.2)		(31.7)	(41.4)	(44.5)	(49.2)		(46.1)	-6%	45%	
8. Operating Cash Flow (annualised)		(12.8)	(9.0)	(5.6)	(5.4)		(10.1)	(5.0)	20.0	(1.3)		(26.1)	1860%	159%	
Cash Receipts - Trailing 4 qtrs						18.8	20.7			39.7	39.7	38.9	-2%		
Other Revenue - Trailing 4 qtrs						1.0	0.9			2.9	2.9	3.3	13%		
Cash Payments - Trailing 4 qtrs						(28.0)	(29.2)			(41.3)	(41.3)	(45.3)	10%		
9. Operating Cash Flow - Trailing 4 qtrs						(8.2)	(7.5)			1.3	1.3	(3.1)	-335%		
10. Annualised Recurring Revenue (ARR)			20.8		23.4			32.4		35.8					
10a. ARR growth on pcp			63%		53%			56%		53%					
11. Unearned revenue (Liability)	(9.1)		(11.0)			(9.6)		(17.9)			(19.6)				

Source: Company quarterly reports; Annual Reports; Sequoia annualisation calculations

Key points:

- Cash receipts for Q1 were \$4.5m (v \$5.3m pcp) down -15%, but this followed very strong March and June quarters with timing of annual subscriptions seasonal. We understand that ~90% of BTH's customers pay a year in advance, on the anniversary of their respective contract dates. Most DO NOT pay monthly or quarterly, so cash flows can be very lumpy.
- BTH also received A\$465k in government R&D grants.
- Cash operating costs were \$11.5m (v \$7.9m pcp) up 45%, reflecting higher staffing levels including three acquisitions made in FY20. This was however 6% below the June quarter of \$12.3m suggesting that the increase is moderating.
- Net cash outflow (burn) of \$6.5m (v \$2.5m burn pcp).
- The trailing 4-quarter burn rate is running at (\$3.1m) plus Capitalised R&D running at (\$3.5m) for a combined burn of (\$6.6m pa)(refer item 9 in our table above).
- Net cash at end September was \$63.0m, so BTH is funded for 9.5 years at the current combined burn & R&D rate of \$6.6m pa.
- Investing cash flow included \$1.1m of capitalised R&D (v \$0.6m pcp) +83% as BTH integrates acquisitions to the Bigtincan platform and continues to invest in its platform. BTH's US summer release included over 100 improvements / upgrades including new custom document automation, new "Pitch Builder" and "Genie Recommender", 20 new API integrations and enhancements to remote learning/ training/ on-boarding.

4. FY20 Result

BTH reported revenue of \$31.0m (+56%); an Ebitda loss of \$7.9m (v \$3.3m loss); and a net loss after tax (normalised) of \$10.0m (v \$3.8m) as follows:

BTH - FY20 Results Review Years ended June \$m	FY19	FY20	Change %	FY20e (Our ests)	Variance %	Our Comments
Op Revenue - Basic	17.5	27.5	57%	30.0	-8%	All 3 acqns contributed less than we expected based on announced ARR Revenue up 51% (35% organic growth plus 16% from acqns). Guidance reiterated for organic revenue growth of 30-40%
Acquisitions (part year)	2.4	3.5	47%	4.7	-26%	
Op. Revenue	19.9	31.0	56%	34.7	-11%	
Revenue growth	51.3%	56.0%		74.6%		
Cost of Sales	(2.4)	(4.8)	97%	(5.0)	-5%	Direct cost of sales +97% Vs revenue +56% as BTH puts more effort into sales and service
Gross Profit	17.5	26.2	50%	29.7	-12%	Gross margin down 3.2% in absolute terms, but still very strong
Gross Profit Margin	87.8%	84.6%	-3.2%	85.5%	-0.9%	
Other Income	1.9	0.6	-68%	1.4	-56%	Government grants \$0.6m (v \$1.9m pcip)
Cash Operating Expenses	(22.2)	(36.7)	65%	(33.4)	10%	Costs up 65% including 3 acquisitions in 1H20 and full period of 2 acqns in FY19
Share based payments (non cash)	(0.5)	(1.2)	161%	(0.5)		SBP's up 143%
EBITDA	(3.3)	(7.9)	143%	(2.7)	193%	Includes \$1.3m losses on 3 new acqns (Asdeq 56k profit less Veelo loss 807k less Xinn loss 515k)
Ebitda Margin	-16.4%	-25.6%		-7.8%		Ebitda margin still negative
Depreciation & Amortisation	(0.5)	(2.0)	317%	(2.0)	2%	Now includes \$1.0m depn on leased assets under AASB 16
EBIT	(3.8)	(10.0)	166%	-4.7	112%	EBIT loss \$0.3m higher than expected due to higher amortisation
Ebit Margin	-18.9%	-32.2%		-13.6%		EBIT margin still firmly negative
Net Interest Income (Expense)	0.076	0.035		0.100	-65%	Small interest income on net cash, now reduced by interest expense on leased assets
Pre-tax profit	(3.7)	(9.9)	170%	(4.6)	116%	
Income Tax Credit (Expense)	(0.09)	(0.07)	-14%	(0.1)		BTH still in tax and accounting losses
Tax Rate	2.3%	0.7%		2.2%		BTH still in tax and accounting losses
Abnormal items	(0.3)	(2.2)		(0.8)		Acqn costs \$0.8m, Remuneration adj re acqn \$2.3m, less bargain purchase adjustment \$0.9m
NPAT (reported)(incl Abs)	(4.1)	(12.2)	199%	(5.5)	122%	
Add back: Abnormals	0.3	2.2		0.8		
NPAT (normalised)	(3.8)	(10.0)	166%	(4.7)	113%	Normalised Net Loss \$3.2m up \$1.5m or 84% including \$0.6m losses from 3 acqns
EPS - Reported (cents)	(1.8)	(4.0)	126%	(1.8)	122%	EPS loss per share up 43%
EPS - Normalised (cents)	(1.6)	(3.3)	101%	(1.6)	113%	
Share count (Weighted average)	228.2	301.9	32%	301.9	0%	Shares on issue up 43% mainly due to \$20m & \$42.5m placements / SPP at \$0.54 per share & \$0.67
Share count (Period end)	261.9	383.9	47%	374.0	3%	
Cash Flow items						
Cash receipts from customers	18.8	39.7	111%	34.7	14%	Cash receipts of \$39.7m were \$8.7m or 28% ahead of revenue of \$31m.
Cash paid to suppliers and staff	(26.5)	(40.8)	54%	(37.4)	9%	Cash expenses \$40.8m are close to P&L expenses of \$41.5m
Other	1.2	2.9		4.8		
Operating cash flow	(6.6)	1.8	-128%	2.1	-12%	Operating cash flow of \$1.8m includes \$10.2m working capital benefit (customers paying in advance)
Investing cash flow	(7.6)	(15.4)	103%	(15.5)	-1%	\$11.9m acqns (v \$5.6m); Capitalised R&D \$3.5m (v \$1.8m)
Financing cash flow	15.5	59.8	286%	56.8	5%	\$20m insto placement in Sep at 54c; \$42.5m placement & SPP at 67c in May
Change in cash	1.3	46.2	3337%	43.4	7%	
OCF per share (cents)	(2.9)	0.6	-121%	0.7	-12%	Positive Operating cash flow per share (due to working capital benefit)
Balance Sheet items						
Net Cash (Debt)	25.1	69.3	176%	68.5	1%	Strong cash position post \$42.5m placement & SPP in May 2020
Debtors	5.1	4.8	-7%	8.9	-47%	Debtors down 7% Vs revenue up 56%.
Inventories	0.0	0.0		0.0		
Creditors	(1.6)	(1.4)	-12%	(2.7)	-50%	Creditors up 104% Vs revenue up 51%
Working Capital	3.5	3.4	-5%	6.2	-45%	Increased investment in working capital partly due to acqns
Debtor days	94	56	-40%	94	-40%	Debtor days look reasonable at 1.9 months.
Creditor days	29	16	-44%	29	-44%	Creditor days extremely low
Goodwill	7.5	17.6	135%	17.5	1%	Goodwill increased by \$10.1m in the period (\$2.1m on Veelo and \$8.0m on Xinn acqn)
Other Intangibles	5.4	13.3	147%	17.6	-24%	Intangibles increased by \$7.9m in the period (\$1.3m Veelo, \$1.7m Asdeq and \$2.4m Xinn) + R&D
Total Assets	46.2	113.0	145%	115.6	-2%	
Liabilities include:						
Deferred revenue - current	(9.1)	(18.5)	103%	(15.0)		BTH has received \$17.9m income from customers in advance
Deferred revenue - non-current	(0.5)	(1.1)	125%	(2.9)		
Deferred revenue - Total	(9.6)	(19.6)	104%	(17.9)	10%	Deferred revenue up 104% Vs revenue up 56%. More customers paying in advance
Def rev as % of sales (annualised)	48%	63%		51%		Customers paying more than 1 year in advance - Wonderful !!!
Total Shareholders Funds	28.6	81.8	186%	87.3	-6%	Up \$53.2m in the period, including \$60.6m insto placements & SPP, and \$1.4m scrip consid on Xinn
NTA per share	\$ 0.060	\$ 0.132	121%	\$ 0.14	-5%	Minimal net tangible assets

Source: BTH accounts; Sequoia forecasts and analysis

Key points:

- Revenue growth 56% comprised ~+35% organic growth plus ~16% from acquisitions according to BTH. This was a very impressive result again. It was however \$3.7m or 11% lower than we forecast.
- 3 acquisitions were made during the year (Veelo, Asdeq Labs and Xinn Innovations), contributing \$3.5m of part-year revenues, and a combined small loss after tax of \$1.3m (Veelo \$0.8m loss; Asdeq Labs \$56k profit, and Xinn a

\$0.5m loss). Most of BTH's acquisitions are small businesses still in the development / establishment phase, and are generally operating around break-even. Integration with BTH and the Bigtincan platform, and adding to BTH's sales force generally brings strong revenue synergies and profitability.

- BTH provided guidance for 30-40% organic growth for FY21.
- Ebitda remained a loss at (\$7.9m) Vs (\$3.3m pcp). This was \$5.2m worse than the \$2.7m loss we forecast, as revenue was lower than forecast and costs and share-based payments both higher than we expected.
- Direct cost of Sales was up 97%, well ahead of revenue growth of 56% as BTH put more resources into sales and marketing to drive the business hard.
- Cash operating costs were up 65% including the costs of the 3 newly acquired businesses.
- The net operating loss (normalised) was (\$10.0m) V (\$3.8m) in FY19.
- In addition, there was \$2.2m of abnormal charges being \$2.3m earn-out remuneration not part of on-going operations, \$0.9m of acquisition related costs, less \$0.9m "bargain purchase gain" on the acquisition of Asdeq Labs.

Cash Flow

- Operating cash flow was a positive \$1.8m, boosted by a \$10.8m working capital benefit from customers paying subscriptions one year in advance. This is a very attractive aspect of BTH's business model.
- Investing cash flow of \$15.9m comprised \$11.9m spent on acquisitions and \$3.5m of capitalised R&D.
- Financing cash flow was \$59.8m comprising new equity raised in two institutional placements and one SPP totalling \$62.5m, exercise of options \$1.4m less capital raising costs of \$3.3m.

Balance Sheet

- Net cash of \$69.3m (v \$25.1m) at end-June puts BTH in a strong position for further expansion and possible further acquisitions. Please note that this includes \$19.6m of revenues received in advance.
- Cash collections were very strong, with debtors down to 15% of Sales (v 26% in the pcp).
- Intangible assets increased by \$18.1m to \$31.0m due to the three acquisitions.
- Total assets were \$113.0m (v \$46.2m) up \$66.9m or +145% due to the capital raisings for three acquisitions (and possible future acquisitions).
- Liabilities included deferred revenue (unearned revenue received in advance) of \$19.6m (v \$9.6m) + \$10.m or +104%. This was greater than the +56% revenue growth, indicating that even more customers are paying in advance.
- Shareholders Funds were \$81.8m (v \$28.6m) up \$53.2m or +186% due to the capital raisings and three acquisitions.
- NTA per share was \$0.13 (v \$0.06) up 121%. Technology companies like BTH generally have very low tangible assets.

5. Valuation

Discounted Cash Flow valuation (DCF)

Our DCF valuation of \$0.97 per share (previously \$0.82 per share) is based on specific forecasts for 5 years (FY21-FY25), a 4% terminal growth rate and a 9.5% discount rate (WACC). We assume approximately a nil tax charge for FY21 to FY25, but in our Stage 2 DCF model, we apply a notional 20% tax rate from FY26 into perpetuity, being approximately the US company tax rate.

Comps Valuation

For our Comps valuation, we have changed our methodology. Previously we applied the revenue multiples for just one company – Salesforce.com (NYSE: CRM) on the basis that it shared the same profit drivers as BTH and BTH is often integrated into Salesforce.com at most customers. However, BTH is a much smaller company, and in theory, should be able to grow at a much faster rate than Salesforce.com, a US\$201 billion market cap company.

We have expanded our “Comps” table on page 12 to now include 20 SaaS companies which we think are appropriate valuation comparables. We believe that BTH is effectively a US-based global company. BTH is headquartered in Boston, and had 91% of FY20 revenues attributed to the USA, 6% from Australia and 3% from Europe / Rest of World.

We use approximately half of the US SaaS company peer group Revenue Multiples in our valuation of BTH, to be conservative given that BTH is listed in Australia and is still a small cap stock. For FY1e, FY2e and FY3e we apply 14.0x, 11.0x and 9.0x respectively. This does not look unreasonable looking at some of the individual US and Australian company multiples E.g. Atlassian on 31x FY1, 26x FY2e and 21x FY3e. And Xero on 27x / 23x / 19x.

Most of the US peer companies have either a December year-end (9 coys) or a January year-end (8 coys) whereas BTH has a June year-end. Given that we are applying less than half the US multiples, we don't bother trying to adjust for different year-ends.

Composite Valuation

We have weighted our valuations as follows: 40% to our DCF valuation, and 60% to our EV/ Revenue valuations, split evenly across 3 years (i.e. 20% to each year).

We arrive at a valuation range of \$0.97 to \$1.69 per share, with a Composite weighted average valuation of \$1.38. We set our 12-month price target at this value.

BTH: Sequoia Valuation		Comps Revenue Multiple	We Use	\$m	Valuation Per Share \$	Weighting
DCF valuation				378.7	\$ 0.97	40%
Comparable company's Valuation:						
US SaaS companies EV/ Sales multiple (FY1e)(mostly CY20e)		28.7x	14.0x	630.5	\$ 1.62	20%
US SaaS companies EV/ Sales multiple (FY2e)(mostly CY21e)		22.9x	11.0x	634.7	\$ 1.63	20%
US SaaS companies EV/ Sales multiple (FY3e)(mostly CY22e)		18.5x	9.0x	659.4	\$ 1.69	20%
Composite valuation				536.4	\$ 1.38	100%
Shares on issue (Fully diluted)(m)			389.4			

Source: Sequoia estimates; Refinitiv consensus multiples for US SaaS peers

12-mth Price Target and Recommendation

We revise our 12-month price target to \$1.38 per share (our previous PT was \$0.95).

Our price target implies 25% upside from the current \$1.10 share price.

With strong tailwinds post Covid, and 7 acquisitions since its IPO now starting to deliver, we think BTH has never been in better shape. We maintain our Buy recommendation.

6. Tech Company Valuations

In the table below we show consensus forecasts for BTH's local and international peers.

We highlight in orange the companies with the highest Ebitda margins and sales growth, within our selected stocks. Adobe has the highest ebitda margin of our 20 selected US stocks at around 48-49%. In Australia, Netwealth (NWL) has the strongest forecast Ebitda margins in our table at 52-55%. We expect that eventually BTH will be a 20-30% Ebitda margin company as it builds out its global presence and cost growth moderates.

Part A

Refinitiv Code	Company (in Market Cap order)	Market Cap \$m	Net Cash (Debt)	Price A\$	Revenue				Ebitda				Ebitda Margin			
					\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
					FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e
Sequoia Covered Tech stocks :																
BTH.AX	Bigtincan Holdings Ltd	416.6	69.3	1.100	31.0	41.0	52.2	65.3	(7.9)	(6.3)	0.6	8.8	-25.5%	-15.4%	1.1%	13.5%
BID.AX	Bill Identity Ltd	184.3	6.8	1.165	9.4	14.3	21.5	32.4	(5.9)	(2.6)	6.2	16.3	-62.8%	-18.2%	28.8%	50.3%
LVH.AX	LiveHire Ltd	90.5	20.0	0.300	3.5	5.4	12.0	23.6	(12.8)	(9.5)	(3.5)	7.4	-365.0%	-175.9%	-29.2%	31.4%
LNU.AX	Linus Technologies Ltd	90.2	5.3	0.060	0.1	1.0	21.1	60.3	(7.3)	(5.0)	14.6	53.3	-10914.0%	-500.0%	69.2%	88.4%
US SaaS Companies (in USD)(consensus forecasts)																
ADBE.O	Adobe Inc	231,532	1,875	482.640	12,868	15,194	17,365	19,648	4,994.0	7,525.4	8,357.0	9,484.0	38.8%	49.5%	48.1%	48.3%
CRM	Salesforce.Com Inc	201,437	4,889	220.150	17,098	21,113	25,381	30,154	2,598.0	6,343.9	7,087.9	8,530.1	15.2%	30.0%	27.9%	28.3%
NOW	ServiceNow Inc	102,892	996	527.380	3,460	4,486	5,603	6,986	294.2	1,445.4	1,735.8	2,205.7	8.5%	32.2%	31.0%	31.6%
SHOP.K	Shopify Inc	130,946	2,455	1074.100	1,578	2,852	3,779	5,117	(105.5)	397.1	454.3	727.2	-6.7%	13.9%	12.0%	14.2%
ZM.O	Zoom Video Communications	114,240	855	399.430	623	2,583	3,555	4,303	29.1	969.7	1,111.6	1,360.8	4.7%	37.5%	31.3%	31.6%
SQ	Square Inc	99,202	601	219.990	4,714	9,392	13,003	15,335	246.0	410.9	669.5	1,088.2	5.2%	4.4%	5.1%	7.1%
TEAM.O	Atlassian Corporation PLC	59,235	1,002	237.700	1,614	1,889	2,218	2,781	111.5	395.5	531.3	670.9	6.9%	20.9%	24.0%	24.1%
TWLO.K	Twilio Inc	55,382	1,379	345.100	1,134	1,668	2,197	2,817	(243.6)	66.0	58.1	192.5	-21.5%	4.0%	2.6%	6.8%
WDAY.O	Workday Inc	52,860	682	220.250	3,627	4,302	4,997	5,964	(229.2)	1,013.8	1,158.6	1,483.4	-6.3%	23.6%	23.2%	24.9%
DOCU.O	DocuSign Inc	43,598	191	233.700	974	1,430	1,890	2,427	(143.3)	212.0	284.8	430.3	-14.7%	14.8%	15.1%	17.7%
VEEV.K	Veeva Systems Inc	40,758	1,085	269.090	1,104	1,448	1,717	2,026	314.0	575.7	657.4	795.0	28.4%	39.7%	38.3%	39.2%
CRWD.O	CrowdStrike Holdings Inc	38,706	912	174.930	481	859	1,203	1,573	(122.5)	86.7	123.2	208.9	-25.5%	10.1%	10.2%	13.3%
OKTA.O	Okta Inc	33,033	465	255.150	586	822	1,071	1,371	(162.9)	20.4	19.3	88.8	-27.8%	2.5%	1.8%	6.5%
RNG	RingCentral Inc	31,647	(43)	353.080	903	1,166	1,435	1,770	(7.8)	156.7	192.4	250.3	-0.9%	13.4%	13.4%	14.1%
DDOG.O	Datadog Inc	30,828	774	101.230	363	590	802	1,057	(7.8)	65.9	79.3	127.3	-2.1%	11.2%	9.9%	12.0%
PAYC.K	Paycom Software Inc	24,885	101	425.300	738	834	1,005	1,238	268.4	323.8	392.7	505.0	36.4%	38.8%	39.1%	40.8%
WORK.K	Slack Technologies Inc	24,253	769	42.080	630	887	1,144	1,469	(561.1)	(29.2)	(26.3)	63.1	-89.0%	-3.3%	-2.3%	4.3%
COUP.O	Coupa Software Inc	23,169	1	321.010	390	524	665	831	(44.1)	47.0	58.6	121.8	-11.3%	9.0%	8.8%	14.7%
ZEN	Zendesk Inc	15,783	0	135.270	816	1,024	1,274	1,586	(118.4)	112.4	148.2	208.1	-14.5%	11.0%	11.6%	13.1%
LPSN.O	LivePerson Inc	3,866	(2)	57.800	292	363	449	552	(57.7)	30.0	40.9	59.8	-19.8%	8.3%	9.1%	10.8%
Mean Average													-4.8%	18.6%	18.0%	20.2%
Median Average													-4.2%	13.7%	12.7%	14.4%
ASX Tech Comps (consensus forecasts)(in market cap order)																
apt.ax	Afterpay Ltd	32,658	148	114.600	519.2	935.2	1,480.6	1,957.2	13.9	96.6	250.5	407.6	2.7%	10.3%	16.9%	20.8%
xro.ax	Xero Ltd	22,097	39	150.660	718.2	850.4	1,012.4	1,235.3	139.2	239.5	279.8	386.1	19.4%	28.2%	27.6%	31.3%
wtc.ax	WiseTech Global Ltd	9,823	178	30.340	429.4	502.6	612.6	737.9	129.2	171.5	227.5	296.0	30.1%	34.1%	37.1%	40.1%
alu.ax	Altium Ltd	4,444	79	33.930	190.0	203.4	232.9	276.4	72.2	81.3	91.8	106.9	38.0%	40.0%	39.4%	38.7%
nwl.ax	Netwealth Group Ltd	3,789	82	15.940	121.3	145.2	173.3	203.5	63.6	76.1	92.0	111.9	52.4%	52.4%	53.1%	55.0%
apx.ax	Appen Ltd	3,031	53	24.770	536.0	636.2	757.1	900.4	92.6	112.4	144.1	181.2	17.3%	17.7%	19.0%	20.1%
lnk.ax	Link Administration Holdings Ltd	2,996	-999	5.600	1,230.4	1,222.3	1,335.8	1,366.7	286.9	282.1	335.1	351.0	23.3%	23.1%	25.1%	25.7%
tne.ax	TechnologyOne Ltd	2,641	96	8.220	298.3	319.0	350.7	384.3	101.8	120.2	140.7	160.6	34.1%	37.7%	40.1%	41.8%
nxl.ax	Nuix Ltd	2,586	67	8.150	175.9	193.5	NaN	NaN	55.5	63.6	NaN	NaN	31.6%	32.9%	NaN	NaN
mp1.ax	Megaport Ltd	2,162	139	13.990	58.0	84.0	121.3	157.9	(25.8)	(12.1)	11.1	35.1	-44.4%	-14.4%	9.2%	22.3%
pph.ax	Pushpay Holdings Ltd	1,903	-55	1.715	127.5	182.8	205.7	228.3	24.0	52.8	65.2	77.6	18.9%	28.9%	31.7%	34.0%
ddr.ax	Dicker Data Ltd	1,725	-113	10.020	1,761.3	NaN	NaN	NaN	74.4	NaN	NaN	NaN	4.2%	NaN	NaN	NaN
eml.ax	EML Payments Ltd	1,545	907	4.270	121.0	183.5	223.3	254.6	24.4	54.5	77.2	94.5	20.2%	29.7%	34.6%	37.1%
hub.ax	Hub24 Ltd	1,339	28	20.000	111.2	124.4	152.5	176.7	21.9	32.4	49.0	63.3	19.7%	26.0%	32.1%	35.8%
nea.ax	Nearmap Ltd	1,102	22	2.240	97.4	111.7	136.4	168.7	9.6	16.4	27.0	45.6	9.9%	14.7%	19.8%	27.0%
fcl.ax	FINEOS Corporation Holdings	1,056	32	3.500	87.8	102.6	114.7	128.0	14.0	12.9	18.9	27.5	15.9%	12.6%	16.5%	21.5%
bvs.ax	Bravura Solutions Ltd	818	59	3.310	273.5	276.3	307.9	332.7	69.0	57.1	67.6	76.0	25.2%	20.7%	21.9%	22.8%
hsn.ax	Hansen Technologies Ltd	738	-135	3.710	301.4	291.6	298.8	309.8	84.5	96.8	95.3	98.1	28.1%	33.2%	31.9%	31.7%
ifm.ax	Infomedia Ltd	724	98	1.930	94.6	102.1	114.3	125.7	45.1	50.2	58.3	66.0	47.7%	49.1%	51.0%	52.5%
nto.ax	Nitro Software Ltd	581	44	3.050	35.7	40.6	46.0	54.8	(5.0)	(4.9)	(8.8)	(8.2)	-13.9%	-12.0%	-19.1%	-15.0%
sko.ax	Serko Ltd	555	40	5.180	25.9	16.1	40.2	72.2	(7.1)	(18.2)	(18.4)	11.1	-27.6%	-112.8%	-45.9%	15.3%
iri.ax	Integrated Research Ltd	546	-2	3.170	110.9	110.1	119.4	131.4	44.8	45.7	51.3	57.6	40.4%	41.5%	42.9%	43.9%
elo.ax	ELMO Software Ltd	507	121	5.870	50.1	62.9	79.6	97.7	(4.2)	(5.8)	(1.7)	5.2	-8.3%	-9.1%	-2.1%	5.3%
dub.ax	Dubber Corp Ltd	434	18	1.730	11.8	19.0	31.0	50.0	(15.7)	(9.0)	(8.0)	1.0	-132.5%	-47.4%	-25.8%	2.0%
bth.ax	Bigtincan Holdings Ltd	417	69	1.100	31.0	41.7	54.0	65.5	(8.0)	(5.2)	(1.5)	2.4	-25.7%	-12.4%	-2.8%	3.6%
vgl.ax	Vista Group International Ltd	364	-16	1.615	144.5	94.3	130.4	149.0	34.7	(0.6)	24.1	33.4	24.0%	-0.6%	18.5%	22.4%
bet.ax	Betmakers Technology Group	382	31	0.635	8.6	29.6	66.5	NaN	0.2	4.7	16.9	NaN	2.4%	15.7%	25.4%	NaN
pps.ax	Praemium Ltd	321	12	0.640	50.2	65.9	77.4	85.5	10.8	15.3	20.7	25.3	21.6%	23.2%	26.7%	29.6%
wsp.ax	Whispir Ltd	341	12	3.270	39.3	50.0	62.5	75.5	(0.1)	(4.0)	0.5	6.6	-0.3%	-7.9%	0.8%	8.7%
lvt.ax	Livetiles Ltd	221	34	0.245	37.8	74.8	87.3	108.5	(19.0)	(2.9)	10.0	24.9	-50.4%	-3.9%	11.5%	22.9%
wzr.ax	WISR Ltd	219	-53	0.200	7.2	23.1	44.8	76.0	(22.2)	(10.4)	3.7	18.1	-309.5%	-44.9%	8.2%	23.8%
evs.ax	Envirosuite Ltd	190	20	0.185	23.8	58.8	75.1	88.4	(15.0)	(7.3)	4.3	15.3	-62.9%	-12.5%	5.8%	17.2%
bid.ax	BidEnergy (consensus forecasts)	184	8	1.165	9.4	14.5	20.9	29.0	(5.8)	(1.4)	5.3	12.8	-61.8%	-9.3%	25.4%	44.0%
gtk.ax	Gentrack Group Ltd	138	2	1.440	100.5	96.1	101.5	109.8	12.1	4.6	8.2	13.0	12.0%	4.8%	8.0%	11.9%
dug.ax	DUG Technology Ltd	122	-43	1.225	49.4	54.7	63.1	72.7	9.0	11.6	15.1	19.9	18.3%	21.2%	23.9%	27.4%
and.ax	Ansarada Group Ltd	113	18	1.500	34.0	NaN	NaN	NaN	(0.6)	NaN	NaN	NaN	-1.8%	NaN	NaN	NaN
vlt.ax	Vault Intelligence Ltd	93	2	0.725	4.6	9.3	15.6	21.4	(6.2)	(4.3)	(0.6)	3.0	-134.7%	-46.5%	-3.9%	13.9%
lvh.ax	LiveHire (Consensus)	90	20	0.300	3.5	5.5	11.7	21.2	(13.3)	(8.3)	(3.2)	5.2	-378.3%	-150.9%	-27.5%	24.3%
ada.ax	Adacel Technologies Ltd	77	-2	1.010	41.2	42.7	45.9	46.3	3.4	9.2	10.1	10.6	8.2%	21.6%	21.9%	22.9%
mpw.ax	MSL Solutions Ltd	40	0	0.120	25.1				(1.5)							
Mean Average ASX Tech Comps													3.5%	16.6%	25.3%	
Median ASX Tech Comps													16.7%	21.9%	24.0%	

Source: Sequoia estimates for BID, BTH & LNU; Prospectus forecasts for NLX; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY21 in most cases); FY2 means forecast year 2 (FY22 mostly)

In the table below, we show revenue growth and valuation metrics for US and ASX listed peers. Our forecast revenue growth for BTH of 32% for FY21e, 27% for FY22e and 25% for FY23e are well above the Aust. Tech company median average of 17% to 19%.

BTH's EV/ Sales multiple falls rapidly from 11.0x in FY20 to 4.0x in FY4e (FY24e). If BTH maintained its current revenue multiple, the share price should approximately double in 3 years. EV/ Ebitda multiples and P/E multiples for BTH aren't very useful as it is not yet surfacing maintainable profits due to heavy investment in capability, acquisitions still being integrated, and lack of scale. This will gradually change as positive Ebitda emerges.

Refinitiv Code	Company (in Market Cap order)	Revenue Growth			EV/Sales				EV/ Ebitda			P/E		
		FY1e	FY2e	FY3e	FY0	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e	FY1e	FY2e	FY3e
Sequoia Covered Tech stocks :														
BTH.AX	Bigtincan Holdings Ltd	32.2%	27.3%	25.1%	11.2x	8.8x	6.8x	5.3x	-57.3x	640.6x	39.0x	-48.6x	-201.0x	73.0x
BID.AX	Bill Identity Ltd	52.1%	50.3%	50.7%	15.8x	10.0x	6.3x	3.6x	-55.6x	21.8x	7.2x	-49.1x	34.8x	13.2x
LVH.AX	LiveHire Ltd	57.0%	122.0%	96.0%	20.5x	14.4x	6.6x	3.0x	-8.2x	-22.6x	9.4x	-8.4x	-18.5x	15.9x
LNU.AX	Linus Technologies Ltd	1573.0%	2003.0%	186.0%	1477.5x	88.6x	3.5x	0.3x	-17.7x	5.1x	0.4x	-16.4x	6.7x	2.0x
US SaaS Companies (in USD)(consensus forecasts)														
ADBE.O	Adobe Inc	18.1%	14.3%	13.1%	17.6x	15.1x	13.2x	11.7x	30.5x	27.5x	24.2x	43.0x	36.5x	31.5x
CRM	Salesforce.Com Inc	23.5%	20.2%	18.8%	9.2x	9.2x	7.7x	6.5x	30.7x	27.5x	22.8x	47.5x	63.0x	51.3x
NOW	ServiceNow Inc	29.7%	24.9%	24.7%	15.2x	22.7x	18.1x	14.5x	70.3x	58.6x	46.1x	116.2x	94.7x	73.6x
SHOP.K	Shopify Inc	80.7%	32.5%	35.4%	27.8x	44.0x	33.2x	24.5x	316.2x	276.4x	172.7x	292.4x	299.1x	217.9x
ZM.O	Zoom Video Communications	314.8%	37.6%	21.1%	32.8x	43.5x	31.6x	26.1x	115.9x	101.1x	82.6x	137.5x	133.1x	110.6x
	Square Inc	99.2%	38.5%	17.9%	5.6x	10.5x	7.6x	6.4x	239.9x	147.2x	90.6x	288.5x	195.8x	121.0x
TEAM.O	Atlassian Corporation PLC	17.0%	17.4%	25.4%	27.0x	30.8x	26.2x	20.9x	147.2x	109.6x	86.8x	211.9x	168.6x	129.8x
TWLO.K	Twilio Inc	47.0%	31.7%	28.2%	11.8x	31.5x	23.9x	18.7x	796.6x	903.6x	272.9x	2914.7x	5536.7x	910.8x
WDAY.O	Workday Inc	18.6%	16.1%	19.4%	11.6x	12.0x	10.3x	8.7x	51.0x	44.6x	34.9x	81.8x	75.6x	60.8x
DOCU.O	DocuSign Inc	46.9%	32.1%	28.4%	14.4x	30.4x	23.0x	17.9x	205.1x	152.7x	101.1x	317.6x	217.1x	141.6x
VEEV.K	Veeva Systems Inc	31.2%	18.5%	18.0%	18.8x	27.0x	22.8x	19.3x	68.0x	59.6x	49.3x	94.8x	86.2x	73.3x
CRWD.O	CrowdStrike Holdings Inc	78.5%	40.0%	30.8%	25.1x	43.8x	31.3x	23.9x	434.2x	305.5x	180.2x	793.7x	504.5x	290.7x
OKTA.O	Okta Inc	40.3%	30.2%	28.0%	26.0x	39.3x	30.1x	23.5x	1581.2x	1669.4x	363.6x	5612.6x	472500.0x	673.1x
RNG	RingCentral Inc	29.2%	23.1%	23.3%	16.3x	27.7x	22.5x	18.3x	206.2x	167.9x	129.1x	367.8x	302.7x	234.5x
DOGO.O	Datadog Inc	62.5%	36.0%	31.9%	28.7x	51.0x	37.5x	28.4x	455.8x	378.9x	236.0x	577.5x	527.9x	356.3x
PAYC.K	Paycom Software Inc	13.1%	20.4%	23.2%	20.6x	29.7x	24.6x	20.0x	76.5x	63.1x	49.0x	123.5x	101.1x	77.6x
WORK.K	Slack Technologies Inc	40.7%	29.0%	28.4%	17.1x	26.3x	20.4x	15.9x	NaN	NaN	369.9x	NaN	NaN	370.7x
COUP.O	Coupa Software Inc	34.4%	26.9%	25.0%	26.7x	44.5x	35.0x	28.0x	495.4x	397.3x	191.2x	676.5x	808.8x	335.5x
ZEN	Zendesk Inc	25.5%	24.4%	24.5%	10.6x	15.5x	12.5x	10.0x	141.4x	107.3x	76.4x	238.3x	172.6x	118.7x
LPSN.O	LivePerson Inc	24.6%	23.5%	23.1%	8.1x	10.6x	8.6x	7.0x	128.5x	94.2x	64.5x	NaN	3163.7x	291.5x
	Mean Average	53.8%	26.9%	24.4%	18.6x	28.3x	22.0x	17.5x	294.2x	268.0x	132.2x	718.6x	25525.7x	233.5x
	Median Average	32.8%	25.9%	24.6%	17.4x	28.7x	22.9x	18.5x	147.2x	109.6x	88.7x	263.4x	195.8x	135.7x
ASX Tech Comps (consensus forecasts)(in market cap order)														
apt.ax	Afterpay Ltd	80.1%	58.3%	32.2%	31.2x	34.8x	22.0x	16.6x	336.5x	129.8x	79.8x	998.3x	241.4x	136.4x
xro.ax	Xero Ltd	18.4%	19.0%	22.0%	13.7x	27.6x	23.2x	19.0x	98.1x	84.0x	60.8x	380.1x	287.9x	159.2x
wtc.ax	WiseTech Global Ltd	17.0%	21.9%	20.5%	14.2x	19.2x	15.7x	13.1x	56.2x	42.4x	32.6x	112.0x	78.8x	58.7x
alu.ax	Altium Ltd	7.0%	14.5%	18.7%	15.0x	16.1x	14.1x	11.9x	40.3x	35.7x	30.7x	64.2x	54.6x	46.2x
nwl.ax	Netwealth Group Ltd	19.7%	19.3%	17.4%	16.9x	25.5x	21.4x	18.2x	48.7x	40.3x	33.1x	74.1x	60.4x	49.6x
apx.ax	Appen Ltd	18.7%	19.0%	18.9%	5.0x	4.7x	3.9x	3.3x	26.4x	20.6x	16.4x	47.2x	35.7x	26.1x
lnk.ax	Link Administration Holdings Ltd	-0.7%	9.3%	2.3%	2.6x	3.3x	3.0x	2.9x	14.2x	11.9x	11.4x	25.2x	17.8x	16.4x
tne.ax	TechnologyOne Ltd	6.9%	9.9%	9.6%	8.2x	8.0x	7.3x	6.6x	21.2x	18.1x	15.8x	39.0x	33.8x	28.5x
nxl.ax	Nuix Ltd	10.0%	NaN	NaN	14.3x	13.0x	NaN	NaN	39.6x	NaN	NaN	139.3x	NaN	NaN
mp1.ax	Megaport Ltd	44.8%	44.3%	30.2%	29.5x	24.1x	16.7x	12.8x	NaN	182.0x	57.6x	NaN	NaN	280.9x
pph.ax	Pushpay Holdings Ltd	43.4%	12.5%	11.0%	4.8x	8.0x	7.1x	6.4x	27.8x	22.5x	18.9x	42.3x	31.2x	25.5x
ddr.ax	Oricker Data Ltd	NaN	NaN	NaN	0.7x	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
eml.ax	EML Payments Ltd	51.7%	21.6%	14.1%	2.4x	3.5x	2.9x	2.5x	11.7x	8.3x	6.8x	43.0x	29.7x	23.7x
hub.ax	Hub24 Ltd	11.9%	22.6%	15.9%	5.0x	10.5x	8.6x	7.4x	40.5x	26.8x	20.7x	70.1x	45.5x	34.6x
nea.ax	Nearmap Ltd	14.7%	22.1%	23.7%	10.2x	9.7x	7.9x	6.4x	65.8x	40.0x	23.7x	NaN	NaN	NaN
fcl.ax	FINEOS Corporation Holdings	16.9%	11.7%	11.6%	7.1x	6.1x	5.4x	4.9x	48.4x	33.0x	22.7x	NaN	388.1x	102.6x
bvs.ax	Bravura Solutions Ltd	1.0%	11.4%	8.0%	3.8x	2.7x	2.5x	2.3x	13.3x	11.2x	10.0x	21.5x	18.6x	16.3x
hsn.ax	Hansen Technologies Ltd	-3.2%	2.5%	3.7%	2.4x	3.0x	2.9x	2.8x	9.0x	9.2x	8.9x	13.9x	14.4x	13.8x
ifm.ax	Infomedia Ltd	7.9%	12.0%	9.9%	5.8x	6.1x	5.5x	5.0x	12.5x	10.7x	9.5x	35.0x	29.3x	25.2x
nto.ax	Nitro Software Ltd	13.9%	13.2%	19.2%	4.8x	9.8x	8.6x	7.2x	NaN	NaN	NaN	NaN	NaN	NaN
sko.ax	Serko Ltd	-37.6%	148.8%	79.9%	5.3x	34.8x	14.0x	7.8x	NaN	NaN	50.8x	NaN	NaN	63.0x
iri.ax	Integrated Research Ltd	-0.8%	8.5%	10.0%	6.0x	5.0x	4.6x	4.2x	12.0x	10.7x	9.5x	22.8x	20.6x	18.1x
elo.ax	ELMO Software Ltd	25.7%	26.5%	22.8%	6.6x	6.1x	4.9x	4.0x	NaN	NaN	74.6x	NaN	NaN	NaN
dub.ax	Dubber Corp Ltd	60.4%	63.2%	61.3%	18.3x	21.9x	13.4x	8.3x	NaN	NaN	416.5x	NaN	NaN	NaN
bth.ax	Bigtincan Holdings Ltd	34.5%	29.4%	21.4%	6.7x	8.3x	6.4x	5.3x	NaN	NaN	147.8x	NaN	NaN	550.0x
vgl.ax	Vista Group International Ltd	-34.7%	38.2%	14.3%	4.3x	3.7x	2.6x	2.3x	NaN	14.3x	10.3x	NaN	57.8x	33.0x
bet.ax	Betmakers Technology Group	244.3%	124.9%	NaN	24.5x	11.9x	5.3x	NaN	75.4x	20.8x	NaN	34.3x	35.3x	NaN
pps.ax	Praemium Ltd	31.4%	17.5%	10.4%	2.7x	4.7x	4.0x	3.6x	20.2x	15.0x	12.2x	59.5x	33.2x	26.3x
wsp.ax	Whisper Ltd	27.2%	24.9%	20.9%	5.4x	6.6x	5.3x	4.4x	NaN	673.8x	50.0x	NaN	NaN	266.9x
lvt.ax	Livestiles Ltd	97.9%	16.7%	24.3%	4.4x	2.5x	2.1x	1.7x	NaN	18.7x	7.5x	NaN	NaN	40.8x
wzr.ax	WISR Ltd	221.9%	94.1%	69.8%	39.2x	11.8x	6.1x	3.6x	NaN	74.7x	15.1x	NaN	NaN	44.4x
evs.ax	Envirosuite Ltd	146.4%	27.8%	17.8%	5.4x	2.9x	2.3x	1.9x	NaN	39.3x	11.1x	NaN	NaN	30.8x
bid.ax	BidEnergy (consensus forecasts)	53.3%	44.3%	38.8%	7.7x	12.2x	8.5x	6.1x	NaN	33.3x	13.8x	NaN	43.1x	15.7x
gtk.ax	Gentrack Group Ltd	-4.4%	5.6%	8.2%	1.2x	1.5x	1.4x	1.3x	31.6x	17.8x	11.1x	NaN	NaN	64.1x
dug.ax	DUG Technology Ltd	10.7%	15.4%	15.2%	3.3x	3.4x	2.9x	2.6x	16.0x	12.3x	9.3x	NaN	122.5x	24.5x
and.ax	Ansarada Group Ltd	NaN	NaN	NaN	2.8x	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
vlt.ax	Vault Intelligence Ltd	NaN	68.4%	37.2%	7.8x	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	362.5x
lvh.ax	LiveHire (Consensus)	56.9%	111.8%	82.0%	9.8x	12.8x	6.0x	3.3x	NaN	NaN	13.7x	NaN	NaN	31.6x
ada.ax	Adacel Technologies Ltd	3.7%	7.6%	0.8%	0.8x	1.9x	1.7x	1.7x	8.7x	7.9x	7.5x	15.5x	14.0x	13.3x
mpw.ax	MSL Solutions Ltd				0.7x									
	Mean Average ASX Tech Com	35.3%	33.2%	23.3%	8.4x	10.1x	7.3x	5.9x	33.5x	54.8x	38.8x	68.8x	69.2x	83.1x
	Median ASX Tech Comps	17.0%	19.3%	18.2%	5.4x	8.0x	5.5x	4.4x	27.1x	20.7x	15.5x	42.7x	35.3x	32.3x

Source: Sequoia estimates for BID, BTH & LNU; Prospectus forecasts for NLX; Refinitiv consensus estimates for all other stocks; FY1 means forecast year 1 (FY21 in most cases); FY2 means forecast year 2 (FY22 in most cases); FY3 means forecast year 3 (FY23 in most cases); FY4 means forecast year 4 (FY24 in most cases); FY5 means forecast year 5 (FY25 in most cases); FY6 means forecast year 6 (FY26 in most cases); FY7 means forecast year 7 (FY27 in most cases); FY8 means forecast year 8 (FY28 in most cases); FY9 means forecast year 9 (FY29 in most cases); FY10 means forecast year 10 (FY30 in most cases); FY11 means forecast year 11 (FY31 in most cases); FY12 means forecast year 12 (FY32 in most cases); FY13 means forecast year 13 (FY33 in most cases); FY14 means forecast year 14 (FY34 in most cases); FY15 means forecast year 15 (FY35 in most cases); FY16 means forecast year 16 (FY36 in most cases); FY17 means forecast year 17 (FY37 in most cases); FY18 means forecast year 18 (FY38 in most cases); FY19 means forecast year 19 (FY39 in most cases); FY20 means forecast year 20 (FY40 in most cases); FY21 means forecast year 21 (FY41 in most cases); FY22 means forecast year 22 (FY42 in most cases); FY23 means forecast year 23 (FY43 in most cases); FY24 means forecast year 24 (FY44 in most cases); FY25 means forecast year 25 (FY45 in most cases); FY26 means forecast year 26 (FY46 in most cases); FY27 means forecast year 27 (FY47 in most cases); FY28 means forecast year 28 (FY48 in most cases); FY29 means forecast year 29 (FY49 in most cases); FY30 means forecast year 30 (FY50 in most cases); FY31 means forecast year 31 (FY51 in most cases); FY32 means forecast year 32 (FY52 in most cases); FY33 means forecast year 33 (FY53 in most cases); FY34 means forecast year 34 (FY54 in most cases); FY35 means forecast year 35 (FY55 in most cases); FY36 means forecast year 36 (FY56 in most cases); FY37 means forecast year 37 (FY57 in most cases); FY38 means forecast year 38 (FY58 in most cases); FY39 means forecast year 39 (FY59 in most cases); FY40 means forecast year 40 (FY60 in most cases); FY41 means forecast year 41 (FY61 in most cases); FY42 means forecast year 42 (FY62 in most cases); FY43 means forecast year 43 (FY63 in most cases); FY44 means forecast year 44 (FY64 in most cases); FY45 means forecast year 45 (FY65 in most cases); FY46 means forecast year 46 (FY66 in most cases); FY47 means forecast year 47 (FY67 in most cases); FY48 means forecast year 48 (FY68 in most cases); FY49 means forecast year 49 (FY69 in most cases); FY50 means forecast year 50 (FY70 in most cases); FY51 means forecast year 51 (FY71 in most cases); FY52 means forecast year 52 (FY72 in most cases); FY53 means forecast year 53 (FY73 in most cases); FY54 means forecast year 54 (FY74 in most cases); FY55 means forecast year 55 (FY75 in most cases); FY56 means forecast year 56 (FY76 in most cases); FY57 means forecast year 57 (FY77 in most cases); FY58 means forecast year 58 (FY78 in most cases); FY59 means forecast year 59 (FY79 in most cases); FY60 means forecast year 60 (FY80 in most cases); FY61 means forecast year 61 (FY81 in most cases); FY62 means forecast year 62 (FY82 in most cases); FY63 means forecast year 63 (FY83 in most cases); FY64 means forecast year 64 (FY84 in most cases); FY65 means forecast year 65 (FY85 in most cases); FY66 means forecast year 66 (FY86 in most cases); FY67 means forecast year 67 (FY87 in most cases); FY68 means forecast year 68 (FY88 in most cases); FY69 means forecast year 69 (FY89 in most cases); FY70 means forecast year 70 (FY90 in most cases); FY71 means forecast year 71 (FY91 in most cases); FY72 means forecast year 72 (FY92 in most cases); FY73 means forecast year 73 (FY93 in most cases); FY74 means forecast year 74 (FY94 in most cases); FY75 means forecast year 75 (FY95 in most cases); FY76 means forecast year 76 (FY96 in most cases); FY77 means forecast year 77 (FY97 in most cases); FY78 means forecast year 78 (FY98 in most cases); FY79 means forecast year 79 (FY99 in most cases); FY80 means forecast year 80 (FY100 in most cases); FY81 means forecast year 81 (FY101 in most cases); FY82 means forecast year 82 (FY102 in most cases); FY83 means forecast year 83 (FY103 in most cases); FY84 means forecast year 84 (FY104 in most cases); FY85 means forecast year 85 (FY105 in most cases); FY86 means forecast year 86 (FY106 in most cases); FY87 means forecast year 87 (FY107 in most cases); FY88 means forecast year 88 (FY108 in most cases); FY89 means forecast year 89 (FY109 in most cases); FY90 means forecast year 90 (FY110 in most cases); FY91 means forecast year 91 (FY111 in most cases); FY92 means forecast year 92 (FY112 in most cases); FY93 means forecast year 93 (FY113 in most cases); FY94 means forecast year 94 (FY114 in most cases); FY95 means forecast year 95 (FY115 in most cases); FY96 means forecast year 96 (FY116 in most cases); FY97 means forecast year 97 (FY117 in most cases); FY98 means forecast year 98 (FY118 in most cases); FY99 means forecast year 99 (FY119 in most cases);

Potential Share Price Catalysts

1. Quarterly cash flow and operations reports demonstrating continued growth in customers, deployments and revenues. Maintaining or improving the customer retention rate.
2. Half-year results in February (Full year results in August).
3. Major new customer wins, especially in targeted verticals such as Healthcare and Financials.
4. Progress with integrations of recent acquisitions, particularly the technology integration.
5. New acquisitions. We expect BTH to remain acquisitive, but highly selective.
6. New country launches (e.g. BTH's investment in Japan recently stepped up a gear with the appointment of NTT DoCoMo as BTH's local sales partner).
7. Becoming NPAT positive (we expect in FY22), but it could be a year or so later depending on the level of growth investment BTH decides to make. BTH was already cashflow positive in FY20, aided by a \$10.8m working capital benefit. We expect it might be mildly negative in FY21, but not seriously so.

Growth Drivers

We have identified 7 growth drivers for BTH:

1. Cloud, remote working and the mobile business device revolution (These drivers were strong before Covid, but have only become stronger since the pandemic).
2. Software as a Service (SaaS) a strong growth segment within IT.
3. Sales enablement software is a US\$5.0bn market opportunity by 2021 according to Aragon Research, and still a relatively new category.
4. BTH is already established as one of the industry sector leaders, recognised by Gartner, Arragon Research and other research houses; And BTH has won the CODIE industry award for a second time in 2020.
5. US market penetration still low.
6. Non-US market penetration even lower.
7. Recent major contract wins point to strong growth momentum in the business E.g. Nike, Sephora, DXC, Red Bull and John Hancock (refer Appendix 1).

Appendix 1 – BTH New Customer Wins

BTH: Customers & Distribution Partners		
Customers (& tickers if listed)	Customer's Sector	Distribution partners
At IPO (March 2017): AT&T (NYSE: T)(from 2014) GUESS Inc (GES) Merck & Co (MRK) Zoetis Inc (ZTS) Palo Alto Networks Inc (PANW) Telefonica SA (TEF)	Telecommunications Apparel Pharmaceuticals Pharmaceuticals for pets & livestock Technology / cyber security Telecommunications	At IPO: Apple (strategic technology partner, since 2015) Salesforce.com (strategic technology partner; World's No.1 CRM) AT&T (since June 2014) Singtel Optus (carrier partner)
Announced post IPO, 2017: T-Mobile (TMUS)(see ASX announcement 8/8/17) Automatic Data Processing (ADP)(expanded) Becton Dickinson & Co (NYSE: BDXA) Abiomed Inc (ABMD) Cryolife Inc (CRY)	Telecomms (see 8/1/19 detail below) Payroll & HR software & services Healthcare - medical device & reagents coy Healthcare - medical device coy Healthcare - cryogenics coy	Verizon Comms Inc (VZ) - 3 year re-seller agt for US (ASX 7/17) Expanded partnerships with Apple & Cisco Expanded partnership with Salesforce.com, achieving "Gold" status CDW (CDW) - (US\$17bn rev, hardware & software coy, 9,800 sales) Zones (Tier 1 hardware & software solutions coy in US & 80 countries) New partners - Germany, Scandinavia & Italy New partners - Japan
Announced 2018: Extreme Networks (EXTR) Syngenta AG (SYNN) Omada Health Thyssen Krupp (TKA)(existing customer expanded) Hologic (HOLX)(existing customer 5+ yrs expanded) Hino Trucks (existing customer expanded) Cardinal Health (CAH)(customer example) Eaton Corp plc (ETN) EMC Corp (DELL) Prudential Insurance plc (PUK) Deloitte Cushman & Wakefield plc (CWK)	Network equipment European agro-chemical & seed coy Digital healthcare company based in San Francisco Industrial engineering & steel. Healthcare (breast & skeletal health)(2,000+ reps) Truck division of Toyota (250 dealers, 6,000 users) Healthcare & logistics (thousands of salespeople) World's largest power management coy, in 175 countries Technology (Dell acquired EMC in 2016) Insurance Accounting & Consulting Real estate management	Connection.com (Global IT solutions coy in 174 countries) Cancom.com (Global IT solutions coy) BPM Works (Sales enablement coy - digital playbooks) Jamf (mobile device mgt for Apple devices, 4,000 customers)
Announced 2019: T-Mobile (TMUS)(see ASX announcement 8/1/19) American Express (AXP) CA Technologies (Broadcom AVGO)(nee Computer Associates) McKesson Corp (MCK) Guardian Life Acushnet (Titleist)(GOLF) Anheuser Busch Inbev (BUD) Pacific Life Microsoft (MSFT) Major League Baseball Campbell's Soup (CPB) Eaton Corp (see ASX announcement 6/2/20) Openreach (BT Group plc BT)(see ASX 17/4/20) Mohawk Industries / Dal-Tile (MHK) Scoot (Singapore Airlines)(C6L) Pentair plc (PNR) A.O. Smith Corp (AOS) Brookdale Senior Living (BKD)(see ASX 11/7/19) Anheuser Busch Inbev (BUD)(expansion)(see ASX 18/7/19) Sony Playstation (expansion for unique AR application) Nike Inc (NKE)(see ASX announcement 9/9/19) Wyndham Destinations (WYND) ABB Ltd (ABB)(Swiss / Swedish coy) Stratasys Ltd (SSYS) BMT Group Cogeco Connection Phoenix Contact Sephora (LVMH)(refer ASX announcement 2/12/19)	Telecomms (~23,000 iPads in 5,500 locations)(additional \$7.2m making \$11.5m 3 yrs) Credit cards Technology Pharmaceuticals distribution Insurance Leisure products Multinational drinks & brewing coy Insurance Technology Sports / Leisure Food Electricity (\$2.7m over 3 years) Telecomms (\$615k 1 year, + options to extend) Largest Ceramic tile manufacturer in the US Airlines / Transportation Water treatment coy Manufacturer of water heaters and boilers Operates > 1,000 Retirement communities (existing customer expanded)(\$1.5m over 2 yrs) Multinational drinks & brewing coy (TCV: \$0.7m pa) Computer games / Entertainment Footwear, apparel, equipment & accessories (\$2.8m over 3 yrs) Hotels & Timeshare operator (RCI)(> 3,500 users) Robotics, power heavy electrical equipment Manufacturer of 3D printers Marine engineering, IT & consulting 2nd largest cable operator in Quebec & Ontario Industrial automation coy in Germany Personal care & beauty, 2,600 stores in 34 countries (\$2.8m over 3.5 yrs)	Stratix Corporation, Atlanta Pivot Networks, Dallas NTT Docomo Inc (TO: 9437), Japan (carrier partner) Compucom Software (COMPUSOFT) Adobe Inc (ADBE) Cisco Systems (CSCO) - Solution Partner
Announced 2020: Mastercard (NYSE: MA) Brown Brothers Wines American Orthodontics Corp Waters Corporation (NYSE: WAT) Invatae Corporation (NYSE: NVTX) WL Gore & Associates Inc (Goretex) Disys (Digital Intelligence Systems LLC) DXC Technology Services (refer ASX ann. 31/1/20) Mass Mutual (Massachusetts Mutual Life)(Fortune 500 #84) Emergent Biosolutions (NYSE: EBS) WhiteHat Security (now part of NTT) Socure Inc Red Bull (announced 2/7/20) John Hancock (announced 3/11/20)	Finance / banking / payments Food & beverages Healthcare Analytical instrument and software company Healthcare - genetics Industrial fabrics IT services IT services (\$6.2m over 2 years, plus 1 yr option) Finance / insurance / funds management Healthcare - drug development and manufacturing. 19 locations, 1,800 staff IT services IT services Beverages (\$1.8m contract over 30 mths; option for further 60 mths) Financial services (\$1.0m contract over 3 years)	

Source: Company announcements, quarterlies and Annual Reports. NB This list is not meant to be exhaustive.

Separate ASX releases (implying material announcements or contract values) highlighted in yellow

Profit & Loss

Year end June \$m	FY19	FY20	FY21e	FY22e	FY23e
Op. Revenue	19.9	31.0	41.0	52.2	65.3
Revenue growth %	51.3%	56.0%	32.1%	27.5%	25.0%
Cost of Goods Sold	(2.4)	(4.8)	(5.7)	(7.0)	(8.5)
Gross Profit	17.5	26.2	35.2	45.2	56.8
Gross Profit Margin	87.8%	84.6%	86.0%	86.5%	87.0%
Other Income	1.9	0.6	0.0	0.0	0.0
Cash Operating Expenses	(22.6)	(34.8)	(41.5)	(44.6)	(48.0)
EBITDA	-3.3	-7.9	-6.3	0.6	8.8
Ebitda Margin	-16.4%	-25.6%	-15.3%	1.1%	13.5%
Depreciation & Amort	(0.5)	(2.0)	(2.4)	(2.7)	(3.0)
EBIT	-3.8	-10.0	-8.7	-2.1	5.9
Ebit Margin	-18.9%	-32.2%	-21.3%	-4.1%	9.0%
Net Interest Income (Expense)	0.1	0.0	0.1	0.1	0.1
Share of Assoc NPAT	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	(3.7)	(9.9)	(8.6)	(2.0)	6.0
Income Tax Credit (Expense)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Tax Rate	2.3%	0.7%	1.2%	4.9%	-1.7%
Minorities (share of loss)	0.0	0.0	0.0	0.0	0.0
Abnormals	-0.3	-2.2	0.0	0.0	0.0
NPAT (reported)	-4.1	-12.2	-8.7	-2.1	5.9
Adjustments (Abnormals)	0.3	2.2	0.0	0.0	0.0
NPAT (normalised)	-3.8	-10.0	-8.7	-2.1	5.9

Balance Sheet

Cash	25.1	71.4	59.2	62.4	74.1
Receivables	5.1	4.8	6.3	8.0	8.0
Inventories	0.0	0.0	0.0	0.0	0.0
Other	2.5	3.3	3.3	3.3	3.3
Total current assets	32.7	79.4	68.7	73.7	85.3
PP&E	0.2	2.3	2.3	2.3	2.3
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	12.9	31.0	40.2	43.0	45.8
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.4	0.4	0.4	0.4
Total non-current assets	13.4	33.7	42.9	45.7	48.5
Total Assets	46.2	113.0	111.6	119.4	133.8
Payables	-1.6	-1.4	-1.8	-2.3	-2.9
Interest bearing liabilities - C	0.0	-0.9	-0.9	-0.9	-0.9
Deferred revenue - current	-9.1	-18.5	-22.2	-26.7	-32.0
Provisions	-0.5	-0.9	-0.9	-0.9	-0.9
Other	-3.1	-5.6	-5.6	0.9	0.9
Total Current Liabilities	-14.2	-27.3	-31.5	-29.9	-35.8
Interest-bearing liabilities - N	0.0	-1.2	-1.2	-1.2	-1.2
Deferred revenue - non-curre	-0.5	-1.1	-1.1	-1.1	-1.1
Provisions	-0.1	-0.1	-0.1	-0.1	-0.1
Other	-2.8	-1.5	-3.8	-13.8	-16.4
Total Non-current Liabilities	-3.4	-3.9	-6.3	-16.2	-18.9
Total Liabilities	-17.6	-31.3	-37.7	-46.1	-54.6
Total Shareholders' Equity	28.6	81.8	73.9	73.3	79.2

Interims

Year end June	1H20	2H20	1H21e	2H21e	FY21e
Sales	14.3	16.7	20.2	20.8	41.0
Sales Growth (%)	51.2%	60.2%	41.6%	24.0%	32.1%
EBITDA profit (loss)	-2.2	-5.7	-2.4	-3.9	-6.3
EBITDA Margin	-15.6%	-34.1%	-12.0%	-18.5%	-15.3%
EBIT	-3.2	-6.8	-3.6	-5.1	-8.7
Equity Share of Assocs NPAT	0.0	0.0	0.0	0.0	0.0
NPAT (Reported)	-4.0	-8.2	-3.6	-5.1	-8.7
NPAT (Adjusted)	-3.2	-6.8	-3.6	-5.1	-8.7
EPS (adjusted)(cents)	-1.1	-2.2	-0.9	-1.3	-2.3
EPS Growth	42.7%	155.8%	-17.3%	-39.2%	-31.8%
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Source: Sequoia estimates

Per share & Ratio data

Year end June	FY19	FY20	FY21e	FY22e	FY23e
Shares on Issue - Wavgr	228.2	301.9	385.2	389.4	389.4
Shares on Issue - at y/er	261.9	383.9	385.2	388.2	388.2
Reported EPS (cents)	(1.8)	(4.0)	(2.3)	(0.5)	1.5
Growth	-52.2%	125.9%	-44.0%	-75.8%	-375.5%
P/E ratio (x)	-61.5x	-27.2x	-48.6x	-201.0x	73.0x
EPS (normalised)(cents)	(1.6)	(3.3)	(2.3)	(0.5)	1.5
Growth	-56.0%	101.3%	-31.8%	-75.8%	-375.5%
P/E ratio (x)	-66.8x	-33.2x	-48.6x	-201.0x	73.0x
DPS (cents)	0.0	0.0	0.0	0.0	0.0
Franking	0%	0%	0%	0%	0%
Yield	0.0%	0.0%	0.0%	0.0%	0.0%
OCF per share (cents)	-2.9	0.6	-0.9	1.0	3.8
Price/OCF (x)	-38.3x	180.9x	-115.8x	110.7x	28.9x
Enterprise Value \$m	391.4	347.3	359.5	356.2	344.6
EV/ Sales	19.7x	11.2x	8.8x	6.8x	5.3x
EV/EBITDA	-120.0x	-43.8x	-57.3x	640.6x	39.0x
EV/EBIT	-104.4x	-34.8x	-41.2x	-167.1x	58.7x
Liquidity & Leverage					
Net Cash (Debt) \$m	25.1	69.3	57.1	60.4	72.0
Net Debt / Equity %	n/a	n/a	n/a	n/a	n/a
Net Debt / EBITDA	n/a	n/a	9.1x	n/a	n/a
ROA (EBIT / T.Assets) %	-8.1%	-8.8%	-7.8%	-1.8%	4.4%
ROE (NPAT / T.Equity) %	-13.2%	-12.2%	-11.8%	-2.9%	7.4%
Interest Cover (EBIT)	n/a	n/a	n/a	n/a	n/a
Dividend Payout % (of ac	n/a	n/a	n/a	n/a	n/a

Cash Flow

EBITDA	-3.3	-7.9	-6.3	0.6	8.8
Chge in Working Capital	-1.4	10.2	2.6	3.2	5.9
Interest Received (Paid)	0.2	0.0	0.1	0.1	0.1
Income taxes paid	0.0	-0.1	-0.1	0.0	0.0
Other	-2.1	-0.4	0.0	0.0	0.0
Operating cash flows	-6.6	1.8	-3.7	3.9	14.8
Capex	-0.2	-0.3	-0.1	-0.2	-0.2
Acquisitions	-5.6	-11.6	-6.4	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other (Capitalised R&D)	-1.8	-3.5	-2.0	-2.0	-3.0
Net investing cash flow:	-7.6	-15.4	-8.5	-2.2	-3.2
Equity raised (bought ba	15.5	60.7	0.0	1.6	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in Debt	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.9	0.0	0.0	0.0
Financing cash flow	15.5	59.8	0.0	1.6	0.0
Change in Cash	1.3	46.2	-12.2	3.2	11.6

Revenue by Geography

Australia	1.3	1.8	2.4	3.0	3.7
United States	16.5	28.2	35.9	44.0	52.8
Rest of World	2.1	1.0	2.7	5.2	8.7
Acqns (Veelo, Asdeq, i	0.0	0.0	0.0	0.0	0.0
Total Revenue	19.9	31.0	41.0	52.2	65.3
Revenue Growth	51.3%	56.0%	32.1%	27.5%	25.0%

Directors Shareholdings

Director's Share Ownership	Options (mShares (m)	% of Coy	
Tom Amos, Chairman (INED)	0.000	0.373	0.1%
David Keane, CEO (based in Boston)	0.000	23.058	6.1%
Wayne Stevenson (INED)	0.000	0.403	0.1%
John Scull (NED)(based in Palo Alto, California)	0.000	6.926	1.8%

Major Shareholders

	Shares (m)	% of coy
Regal Funds Management Pty Ltd	38.751	10.2%
Australian Ethical Investment Limited	28.500	7.5%
Keane (Lai Sun)(spouse of David Keane, CEO)	22.290	5.9%
Jensen/Cohen Holdings Pty Ltd	9.580	2.5%
Southern Cross Venture Partners (related to John Scull, NED)	6.930	1.8%

Source: ASX announcements, Refinitiv

SEQUOIA FINANCIAL GROUP (ASX: SEQ) - About Us

Sequoia Financial Group is a boutique investment house known for the quality of its advice, the strength of its relationships and depth of expertise across financial markets. The Group has also expanded into corporate advisory, equity capital markets, institutional dealing and financial planning.

Sequoia Financial Group is listed on the Australian Securities Exchange and trades under the stock code SEQ. We provide:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services.

With offices in Melbourne, Sydney and Gold Coast, Sequoia Financial Group provides products and services to self-directed retail and wholesale clients and those of third-party professional service firms. Our group includes:

• **Sequoia Wealth Management** - is a holder of an Australian Financial Services License (AFSL). Our aim is to provide exceptional unbiased advice to high net wealth individuals, families and institutional investors.

Our team of diverse experts provide provides strategic and tailored investment advice to our clients. We specialise in advising our clients on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending, cash solutions and much more.

Our services are designed for individuals and family offices all seeking unbiased financial and strategic structuring advice.

• **Sequoia Direct** - offers self-directed investors a variety of investment opportunities. Most of our clients sign up to our award winning online ASX share and option trading service, where others, use our service to gain access to various investment opportunities such as IPOs & capital raising opportunities.

• **Sequoia Corporate Finance** - is a leading Australian small and mid-market corporate adviser. We apply our knowledge, extensive contacts, expertise and professionalism to deliver best-practice, objective advice in the following disciplines: Public market M&A; Private treaty M&A; Equity capital markets; Capital management and restructuring; Corporate and strategic advice.

• **InterPrac Financial Planning** - The easy choice for client-focussed and accountant-aligned financial planners to deliver superior integrated and practical solutions.

• **Sequoia Asset Management Pty Ltd** - is an investment services firm and holder of an Australian Financial Services License. Our team of experts provide general advice on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending and cash solutions.

• **Sequoia Superannuation Pty Ltd (SS)** - provides a complete solution to the SMSF market, designed specifically for anyone that has or wants a SMSF. SS also provides SMSF solutions to financial planners, stock brokers, mortgage brokers and accountants Australia wide.

• **Sequoia Specialist Investments Pty Ltd (SSI)** - Since 2010 SSI has been building innovative investment solutions for Australian investors. SSI works with investors, financial advisers and stockbrokers to develop and deliver investment solutions that meet the needs and objectives of their clients.

Over the years we have developed numerous investments opportunities that give investors access to both local and foreign shares and indices that offer income and capital growth potential.

SSI can also offer a variety of solutions for professional advisers where we can provide white-label solutions for groups that want to retain their own branding.

• **Bourse Data** – is one of Australia's most trusted and leading suppliers of stock market analysis software and financial market data for private and professional investors and traders.

• **Finance News Network (FNN)** is an independent news organisation, specialising in the production and distribution of online finance news, digital communications and productions services for ASX-listed companies and managed funds. Annually FNN produces over 3,000 video news items and it's one of the largest suppliers of wholesale online finance video in Australia.

• **Morrison Securities** - provides seamless and cost effective third party stock broking execution solutions to AFSL holders such as financial planners, financial advisors, banks, building societies and trading educators.

Morrison Securities has been providing white labelled trading solutions to Broker Dealers (Shadow Broker) since 2007. We assist broker dealer groups in providing a superior product to their clients by offering a wholesale broking solution and a comprehensive range of white-label products.

CONTACT INFORMATION

CEO					
Garry Crole	+61 3 9209 9777	garrycrole@sequoia.com.au			
Compliance & Risk					
Michael Butler	+61 3 9209 9782	michael.butler@interprac.com.au	Te Okeroa	+61 2 8114 2297	teokeroa@sequoia.com.au
Shane Miller	+61 3 9209 9783	shane.miller@interprac.com.au	Rebecca McPherson	+61 3 9209 9743	rebecca.mcpherson@interprac.com.au
Peter Ho	+61 2 8114 2222	peterho@sequoia.com.au	Steve Kallona	+61 3 9209 9790	steven.kallona@interprac.com.au
Research					
Wayne Sanderson	+61 400-434-548	wayne.sanderson@sequoia.com.au			
Corporate Finance					
Alex Fabbri	+61 3 8548 3320	alexfabbri@sequoia.com.au	Richard Rouse	+61 417-485-663	richardrouse@sequoia.com.au
Chris Eldridge	+61 3 8548 3321	chriseldridge@sequoia.com.au			
Institutional Sales					
Enzo Salvatore	+61 3 8548 3376	esalvatore@sequoia.com.au	Chris Walker	+61 3 8548 3373	cwalker@sequoia.com.au
Wealth Management					
Hamish McCathie	+61 2 8114 2291	hmccathie@sequoia.com.au	Lachlan Owen	+61 3 8548 3372	lowen@sequoia.com.au
Alan Crute	+61 3 8548 3309	alancrute@sequoia.com.au	Luke Robinson	+61 3 8548 3310	lukerobinson@sequoia.com.au
Chris Walker	+61 3 8548 3373	cwalker@sequoia.com.au	Mark Wiseman	+61 3 8548 3379	mwiseman@sequoia.com.au
Chris Forte	+61 3 8548 3371	cforte@sequoia.com.au	Nick Katiforis	+61 3 8548 3380	nkatiforis@sequoia.com.au
Daniel McFarlane	+61 3 8548 3374	dmcfarlane@sequoia.com.au	Patricia Harrison	+61 2 8114 2263	pharrison@sequoia.com.au
David Dwyer	+61 2 8114 2261	ddwyer@sequoia.com.au	Patrick Trindade	+61 3 8548 3381	ptrindade@sequoia.com.au
David Thang	+61 3 8548 3375	dthang@sequoia.com.au	Peter Day	+61 3 8548 3312	peterday@sequoia.com.au
Dinesh Magesan	+61 7 3517 0841	dmagesan@sequoia.com.au	Prasanna Wickramatunge	+61 3 8548 3382	pwickramatunge@sequoia.com.au
Eason Tan	+61 3 8543 3313	easantan@sequoia.com.au	Rob Hughes	+61 3 8548 3383	rhughes@sequoia.com.au
Enzo Salvatore	+61 3 8548 3376	esalvatore@sequoia.com.au	Rowland Jiang	+61 2 8114 2264	rjiang@sequoia.com.au
Howard Elton	+61 3 8548 3377	helton@sequoia.com.au	Shane Langham	+61 7 3517 0842	slangham@sequoia.com.au
Jim Yong	+61 7 3517 0843	jyong@sequoia.com.au	Sue McDonald	+61 3 8548 3384	smcdonald@sequoia.com.au
Kate Hanrahan	+61 3 8548 3378	khanrahan@sequoia.com.au	Xiaoming Huang	+61 3 8548 3385	xhuang@sequoia.com.au
InterPrac Financial Planning					
Garry Crole	+61 3 9209 9777	garrycrole@interprac.com.au	Mark Ryan	+61 3 9209 9763	mark.ryan@interprac.com.au
Jason Hayes	+61 422 465 110	jason.hayes@interprac.com.au	Samantha Amos	+61 3 9209 9684	samantha.amos@interprac.com.au
Glenn Loadman	+61 2 8114 2222	glenn.loadman@interprac.com.au	Sharon Walker	+61 421 214 299	sharon.walker@interprac.com.au
Insurance					
John Plim	+61 1800 086 666	john.plim@interprac.com.au	Matthew Plim	+61 1800 086 666	matthew.plim@interprac.com.au
Marissa Lemmings	+61 1800 086 666	marissa.lemmings@interprac.com.au	Skye Hutchinson	+61 1800 086 666	skye.hutchinson@interprac.com.au
Self-Managed Superannuation Administration					
Mark Phillips	+61 3 9209 9777	mark.phillips@smsfengine.com.au	Linda Phillips	+61 3 9209 9777	linda.phillips@smsfengine.com.au
Morrison Securities					
William Slack	+61 2 8114 2299	williamslack@sequoia.com.au	Jodie Nair	+61 2 8114 2218	jodienair@morrisonsecurities.com.au
Alex Szabo	+61 2 8114 2253	alexanderszabo@sequoia.com.au			
Legal Documents					
Haley Craig	+61 3 9202 9744	haley.craig@ntaacorporate.com.au	Shahina Dangol	+61 3 9209 9775	info@ntaacorporate.com.au
Runy Devine	+61 3 9209 9729	info@ntaacorporate.com.au	Eimear Hester	+61 3 9209 9727	info@ntaacorporate.com.au
Financial News Network (FNN)					
Clive Tomkins	+61 2 8294 4302	clive@finnewsnetwork.com.au	Matt Wilson	+61 3 9209 9775	matthewwilson@sequoia.com.au

Recommendation Criteria

Investment View

The Sequoia Wealth Management (SWM) Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Accumulate	Hold	Reduce	Sell
>20%	10% – 20%	0% – 10%	0% to -10%	>-10%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

SWM has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

ANALYST DISCLOSURE AND CERTIFICATION

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but SWM considers such holdings not to be sufficiently material to compromise the recommendation or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

GENERAL ADVICE WARNING, DISCLAIMER AND DISCLOSURE

IMPORTANT INFORMATION: This document has been prepared and published by Sequoia Wealth Management (ACN 002 314 310, AFSL No 472387) (SWM). SWM is part of the Sequoia Financial group Ltd (SFG) (ACN 091 744 884, ASX code: SEQ). Other members of SFG include Morrison Securities Ltd, Sequoia Asset Management, InterPrac Financial planning and Sequoia Super.

Copyright 2020. The Contents contained in this report are owned by SWM and are protected by the Copyright Act 1968 and the copyright laws of other countries. The material contained in this report may not be copied, reproduced, republished, posted, transmitted or distributed in any way without prior written permission from SWM. Modification of the materials for any other purpose is a violation of the copyrights and other proprietary rights of SWM.

Please read the following before making any investment decision about any financial product mentioned in this document.

GENERAL ADVICE WARNING: *Past Performance is not a reliable indicator of future performance.* Any express or implied rating or advice presented in this document is limited to "General Advice" (as defined in the Corporations Act 2001(Cth)) and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. It does not constitute a recommendation to purchase, redeem or sell the relevant financial product(s). Before making an investment decision based on the recommendation(s) or advice, the reader must consider whether it is personally appropriate in light of his or her financial circumstances, or should seek financial advice on its appropriateness. If our advice relates to the acquisition or possible acquisition of particular financial product(s), the reader should obtain and consider the Product Disclosure Statement for each financial product before making any decision about whether to acquire a financial product. SWM's Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. The information contained in this report is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it does Sequoia Financial Group Ltd or its member companies assume any liability. This information is given as of the date appearing on the report and SWM assumes no obligation to update the information or advise on further developments relating to these securities.

This publication must not be distributed to retail investors outside of Australia.

DISCLOSURE AT THE DATE OF PUBLICATION. SWM does not hold the financial product(s) referred to in this document. SFG's representatives and/or their associates may hold the financial product(s) referred to in this document but details of those holdings are not known to the analyst. From time to time SFG's representatives and/or their associates may trade those financial product(s) in a manner which is contrary to the recommendations mentioned in this document.

SWM has not in the previous 24 months been involved in a publicly-announced transaction involving the payment of a fee to SWM by the company described in this report. SWM and/or SFG may have already or may seek to do business with companies covered in its research including (but not limited to) acting as Sole/Joint Lead Manager and Underwriter in securities for which it received fees or will receive fees for acting in this capacity. Accordingly, SWM and/or SFG may have a conflict of interest which investors should consider before making an investment decision.

Regulatory Disclosure

This report was prepared solely by Sequoia Financial Group / Morrisons. ASX did not prepare any part of the report and has not contributed in any way to its content. The role of ASX in relation to the preparation of the research reports is limited to funding their preparation, by Sequoia / Morrisons, in accordance with the ASX Equity Research Scheme. ASX does not provide financial product advice. The views expressed in this research report may not necessarily reflect the views of ASX. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ASX as to the adequacy, accuracy, completeness or reasonableness of the research reports.

DISCLAIMERS: This document is for the exclusive use of the person to whom it is provided by SWM and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy of information contained in this document. SWM assumes no obligation to update this document or correct any inaccuracy which may become apparent after it is given. If any advice in this document relates to the acquisition or possible acquisition of a particular financial product, you should obtain a copy of and consider the product disclosure statement, prospectus or other document for that financial product before making any decision. Save for any statutory liability that cannot be excluded, the SWM or its related entities accept no liability whatsoever for any loss or damage of any kind caused by any error in, inaccuracy, or omission from, this document or arising out of the use of all or part of these materials. This document is published for information purposes and is not to be construed as a solicitation or an offer to buy or sell securities or related financial products.