



ASX Announcement 2 November 2020

Response to Blue Orca Capital report

SEEK Limited ("**SEEK**") is aware of a recent report by Blue Orca Capital ("**the Report**"). The Report contains many inaccurate statements and makes allegations of a very serious nature that are unsubstantiated.

We believe the goal of the Report is to use speculative assertions to generate adverse publicity and then draw SEEK into a public debate, which is consistent with the usual practice of short-seller firms. The fullness of SEEK's market disclosures ensures that market participants have a great deal of information against which to assess the merit, or lack thereof, of claims such as those in the Report.

SEEK is in compliance with its continuous disclosure obligations and we remain confident in SEEK's long-term outlook. We do not wish to engage in detail with the self-serving and unsubstantiated claims in the Report and will therefore only focus on addressing the Report's two main assertions.

Zhaopin Matters

Zhaopin Limited ("**Zhaopin**") is a strong business with a long history and operates at considerable scale. Zhaopin has been profitable for over 10 years, continues to generate strong operating cash flows and had a net cash position of cA\$222m at 30 June 2020 which has enabled ongoing investment in the platform.

We strongly disagree with the Report's assertions regarding the Zhaopin platform:

- Zhaopin strives to be an industry leader in dealing with fake ads and candidate CVs which do unfortunately occur on all online employment marketplaces globally. Zhaopin has strict processes in place to verify and onboard customers and provide candidates with fresh and relevant opportunities. Some negative examples can be found on any online employment marketplace but the assertions made in the Report are greatly exaggerated and misleading.
- We have always acknowledged that China is a highly competitive market and that Zhaopin is the leader on many key metrics but not all.
- The Report makes no attempt to reconcile its assertions with Zhaopin's ongoing cash flow generation which has resulted in a net cash position of cA\$222m at 30 June 2020 (an increase of A\$44m from 30 June 2019).

Accounting Matters

SEEK is consistent and transparent in its application of International Financial Reporting Standards ("**IFRS**") and provides additional information to assist all market participants.

We strongly disagree with the Report's assertions regarding SEEK's accounting practices:

- The Report makes unsubstantiated claims in relation to SEEK's accounting practices several of which appear to criticise the company for complying with IFRS.
- In relation to SEEK's fair value gains pertaining to MaiMai and Online Education Services, these items were clearly disclosed as significant items in SEEK's ASX disclosures and are well understood by market participants as being one-off in nature.
- In relation to the differences in EBITDA between SEEK and offshore peers, SEEK has always recognised that there are differences between IFRS and US GAAP. As a result, SEEK provides

SEEK Limited

Level 6, 541 St Kilda Road, Melbourne, Victoria, 3004 | Tel: +613 8517 4100 | Fax: +613 9510 7244 | ABN 46 080 075 314

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detailed financial information, including EBITDA, ownership interests and capitalised product and development costs to help market participants undertake comparable analysis of its businesses (including Zhaopin) against their peers.

- SEEK has a track record of generating strong operating cash flows. As context, in the last 3 years (FY18-FY20), SEEK's net cash inflows from operating activities totalled A\$1,070m compared to dividends paid of A\$397m and capitalised product and development costs of A\$309m.

Conclusion

Andrew Bassat, CEO and Co-Founder of SEEK said,

"We accept that market participants have different opinions, however this report is littered with inaccuracies. We are well positioned for future growth and remain confident in SEEK's long-term outlook."

In line with SEEK's normal practice, we will provide a trading update at the Annual General Meeting on 19 November 2020.

Authorised by SEEK's Board of Directors

Investors & Analysts

Steven Moran
SEEK Limited
Phone: (03) 8517 4484

Media

Daniel Ellis
SEEK Limited
Phone: 0400 587 232