

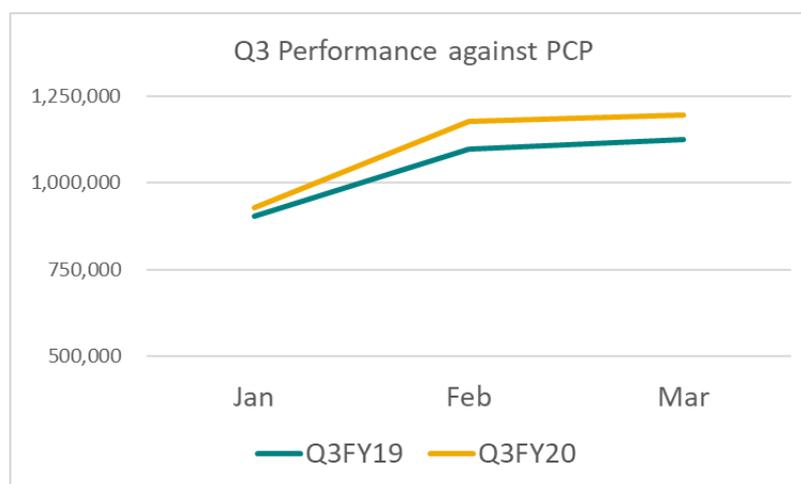
## CVCHECK DELIVERS SOLID SALES PERFORMANCE DESPITE TURBULENT BACKDROP

- \$3.3M revenue in Q3FY20, an increase on PCP despite Australian natural disasters and COVID-19
- First revenues booked from Northern Star Resources, the AICD and 427 clients new to CV1
- First revenues booked through integration with strategic alliance partner Xref
- \$0.9M cash burn, performance affected by COVID-19 and \$560K of carried over creditors from Q2FY20 paid later than normal
- COVID-19 status – worker safety prioritised, cash savings already made provide revenue buffer
- Director fees cut by 50% with Board to reduce to statutory compliance of three members
- Cash at bank \$4.9M as at 31 March 2020 and no debt leaves the Company in a strong financial position

Leading online integrated screening and verification company, CV Check Limited (“CV1” or “the Company”) (ASX:CV1) is pleased to provide an update on operations including delivering another quarter of revenue growth, information on measures taken to address the effects of the COVID-19 pandemic and to aid cost saving measures, a reduction in the Board members to three.

### Continued growth in B2B customer segment

Orders tend to be seasonally slow in January due to holiday effects, particularly in New Zealand, with acceleration occurring into February. Turbulent conditions were present in the quarter caused by bushfires and floods across Australia before COVID-19 pressures emerged and affected order flow during the final two weeks of March in both Australia and New Zealand.



Pleasingly, despite the turbulence, Q3FY20 revenue of \$3.3M again grew relative to the previous corresponding period (PCP), with B2B sales increasing 11% and comprising 69% of total revenue. In all, 427 new B2B customers across a range of industry sectors signed up and placed first orders during the quarter

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including Northern Star Resources and the AICD. New customer wins yet to book revenue included LMS Thinking, The Law Society of Australia and two tender wins with labour hire providers to the disability services sector and call centres for Australia’s largest telecommunications companies.

Following its launch event late February, first revenues were also booked through the Xref phase one integration. The CV1 and Xref teams are regularly exchanging leads by operating to a weekly meeting cadence and several new clients are currently onboarding.

Importantly, a number of new business wins occurred during the final two weeks of March despite the pandemic; CV1 will report on those once customer onboarding is complete and authorisations are in place.

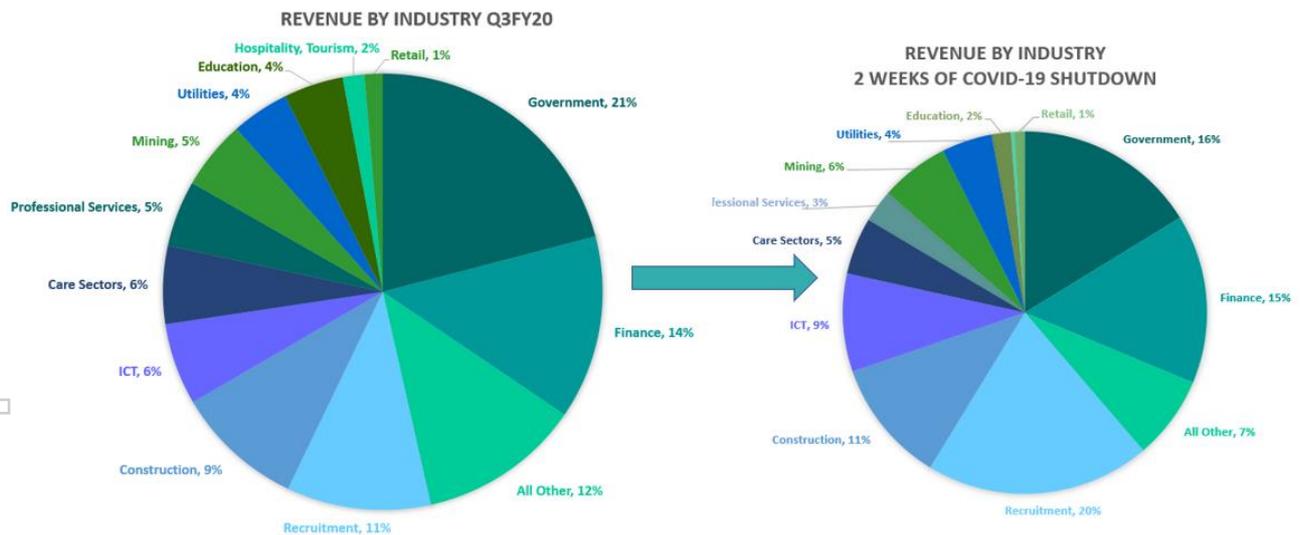
**Cash flow performance affected by COVID-19, \$560K of carried over creditors**

During the quarter cash burn including operating, investing and lease outflows was \$0.9M. This comes despite revenue growth, margin improvement and continuing excellence in cost control. Whilst disappointing to not deliver another cash neutral quarter, carried over creditors from Q2 of \$560k paid later than normal and an obvious impact from COVID-19 shutdowns across Australia and New Zealand late in the quarter contributed to this outcome. The cash balance at quarter end was \$4.9M with no debt.

**COVID-19 Impact, Adopted measures buffer revenue by 25%**

Revenue

Despite some change to client mix as the initial effect of COVID-19 played out across Australia and New Zealand, revenue flow had followed the same pattern as the same period of FY19 and remained at record levels across the group until Sunday 22 March 2020; COVID-19 induced shutdowns then took effect.



The shutdown of Australia’s non-essential services such as hospitality, tourism, gaming and retail coupled with New Zealand’s more comprehensive shutdown triggered differing effects on overall revenue. The Company has already adopted cost and cash saving measures to provide a buffer to the potential of continued reduced order flow and hiring trends which have also been observed by CVCheck’s new integration partner LinkedIn<sup>1</sup>.

<sup>1</sup> <https://www.linkedin.com/pulse/impact-covid-19-hiring-australia-pei-ying-chua/?trackingid=34QDz5y7TSCViQURJb88Uw%3D%3D>

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### CV1 Adopted measures buffer revenue by 25%

The Company has been generally ahead of the curve in its response to COVID-19. As detailed below:

- During the week of the 9<sup>th</sup> of March, the Company ceased all plane travel on company business for all of its teams and achieved this goal ahead of the subsequent weekend.
- During the week of the 16<sup>th</sup> of March, the Company decided to migrate all of its staff to working remotely and achieved this by Friday 20<sup>th</sup> March.
- During the week of the 23<sup>rd</sup> of March, the Company targeted staff related cost reductions to cushion against a potential fall in revenues and these were completed by Friday the 27<sup>th</sup> of March.

In all, during the week of the 23<sup>rd</sup> of March, 13 people were adversely impacted through the reduction of hours for casual workers and retrenchments; a necessary but regretful action.

These measures were all enacted and completed before data was available from the effects of the shutdowns and, collectively, they buffer the company against a potential 10% permanent fall in revenues.

- During the week of the 30<sup>th</sup> of March, the Board, Executive and Senior Managers saw the need for continued decisive action in order to further buffer the Company against a fall in revenues; little trend data was then available.
- The members of this group chose to voluntarily reduce their cash remunerated hours to collectively achieve a 50% cash reduction. This temporary measure applies for the 12 consecutive weeks commencing 6 April.

In all, with this additional voluntary measure, the combined sum of cash conservation measures taken will buffer the company to a potential 25% fall in revenues across the coming quarter.

Other cost saving measures are underway across the business and are already taking effect.

### **Director resignation to further aid permanent cost saving measures**

Given the need for cost saving measures, the Board will reduce its size to the minimum statutory compliance of three members. Founder and Non-Executive Director, Steve Carolan, will step down effective 31 May 2020. Mr Carolan founded CV1 in 2004 and remained Managing Director until November 2016 before assuming his role as Non-Executive Director. In that time, Mr Carolan has led CV1 through to its IPO and the successful acquisition of its New Zealand subsidiary. CV1 has evolved from his kitchen table to place it amongst the leading screening and verification companies across Australia and New Zealand.

**CV1 Chair, Ivan Gustavino, said:** “Steve has led from the front with great energy in positioning CV1 such that it is now a sustainable, growing business that enjoys strong ARR, a healthy balance sheet and solid cash flow metrics. Steve has worked diligently across his time and we greatly appreciate having his experience at the table for another two months as we navigate these tumultuous times. The Board is well balanced with the remaining capability set. The Board and staff thank Steve for his contribution and commitment to CVCheck over the years.”

**CV1 Founder and Non-Executive Director, Steve Carolan, said:** “These are extraordinary times, and cost saving measures need to be a focus of all levels of the business. Post COVID-19 I see a very positive future for the Company.”

**CV1 Chief Executive Officer, Rod Sherwood, said:** “The voluntary 50% reduction of cash remunerated hours by Board members, executives and senior managers best illustrates the internal culture that has led the

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Company to be able to enter such a turbulent period with strength. Furthermore, to have 95% of CV1 staff almost immediately working productively from home and servicing our clients is testimony to our systems, procedures, technology platform and adaptable staff. We thank our teams for their continued positive engagement as we work our way through the challenges that all companies are facing.

CV1 holds a strong market position and has diligently monitored its cash position for many years while continuing to invest in growth, its people and technology. The Company response to turbulence triggered by COVID-19 aims to ensure CVCheck first survives with balance sheet strength and then thrives because of the measures being taken to retain the strength of our core teams. The tender wins achieved since the 23<sup>rd</sup> of March do point to such an outcome and through continued customer focus, we maximise the chance of achieving those aims.”

CV1 will provide a more comprehensive update with the release of its Q3FY20 Appendix 4C and Quarterly Cash Flow report on or about 30 April.

-ENDS-

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**About CV Check Limited:** CV1 is an expanding business with growing revenue streams through the provision of its check products to employers, industry associations and individuals via the CVCheck brand on its proprietary online platform cvcheck.com. CV1 has been operating for more than 10 years and in the process has developed a world-class online platform providing a comprehensive range of checks across the globe. CV Check Limited is a listed public company quoted under the ticker CV1 on the Australian Securities Exchange (ASX).

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