ASX RELEASE
ASX: CV1

31 January 2019

MAIDEN CASHFLOW POSITIVE QUARTER – QUARTERLY OPERATING UPDATE

- **Cash positive by +$0.2 million in Q2 FY19 (ex-cap raising); cash at quarter end $2.8 million**
- **Cash receipts of $3.1 million in Q2 FY19 (in line with prior quarter) versus $2.8 million in pcp**
- **71% ($2.2 million) of total revenue from B2B customers – over 30% growth on pcp**
- **Placement of net $1.2 million to sophisticated, HNW and new institutional investors**
- **$0.6 million R&D incentive payment**
- **Strong growth from corporate clients from recently launched automated reference check platform**
- **Product diversification and further platform-based automation expected to deliver strong organic growth**
- **Investor conference call to be held on Wednesday 6 February 2019 at 11.00am AEDT/ 8.00am AWST**

Leading online integrated screening and verification company, CV Check Limited ("CVCheck" or "the Company") (ASX:CV1) today released its Appendix 4C and Quarterly Cash Flow report for the period ending 31 December 2018 (Q2 FY19).

Maiden cash positive quarter

CVCheck reported at its AGM that it expected to generate $0.1 million in cash in Q2 FY19. The Company exceeded this by generating over $0.2 million cash in the quarter (ex-capital raising). As previously announced, the Company received $0.6 million from the R&D incentive payment and net proceeds of $1.2 million from a capital raise in the quarter. The Company's cash balance at 31 December 2018 is $2.8 million.

CVCheck has progressively reduced its cash burn every quarter since early in FY17 on a prior corresponding period (pcp) basis and expects to see continued pcp based improvement next quarter as the full impact of judicious expense management, reduced marketing expenses, changed revenue composition and margin expansion flow through.

Revenue

Overall, cash receipts from customers were $3.1 million. The Company booked Q2 FY19 revenue of $3.0 million, growth of 8% on pcp. Business customers accounted for 71% of the total revenue. Gross profit margin expanded several points to 54%.

Business customer segment

The Company's growth strategy is to focus on higher quality, sustainable and recurring business customer revenue, consisting of customers in corporate, government, medium and small enterprise. Revenue from business customers has continued to accelerate with a contribution of $2.2 million across the Group in Q2 FY19, over 30% growth compared to pcp. This strong result was mostly driven by 35% growth in sales performance (compared to pcp) for Australian corporate, medium and small enterprise customers. CVCheck is well placed to benefit from the seasonal surge in its market that usually accompanies the start of the calendar year.

Integrations

CVCheck announced the successful completion of a platform integration connector to SAP SuccessFactors in late November 2018. The first major client integration using that connector is currently being enabled. Client integrations into the applicant tracking systems operated by partners and clients continues to grow. Completed integrations number 39 with 35 clients ordering via these integrations in the quarter.

Integrations are now available for systems provided by PageUp, SnapHire, Springboard, JobAdder, SAP SuccessFactors and, most recently, WorkDay.

Development of the open API continues with REST endpoints exposed in the past quarter, further client and partner customisation requests are underway.

NZ business

CVCheck's New Zealand operations continue to perform well with revenue growth of over 25% in Q2 FY19 over the pcp. B2B growth has been the key driver of performance across the past year with the pipeline continuing to grow. The sustained performance is impressive and encouraging with the operation fully integrated and supported by the entirety of CVCheck.

The New Zealand business continues to benefit from changes to statutory requirements associated with Children's Worker Safety Checks. To date these orders have followed a seasonal pattern, with orders surging in April through July as each new phase of requirements commences. The next phase of changes will require all non-core child workers to be checked by July 2019, with plans to accommodate this year's expected surge well advanced.

All such workers are required to be re-screened each 3-years.

Individual customer segment, advertising

CVCheck reduced its advertising spend to the individual customer segment during the past quarter having successfully repositioned to a robust B2B biased organic web-based marketing strategy during FY18. Overall spend on consumer advertising reduced by 65% in Q2 FY19 compared to pcp whilst revenue from individual customers was 32% lower on pcp, reflecting some seasonal decline and the advertising spend reduction. The low decrease of net revenue coupled with the extensive advertising spend reduction has seen a marked improvement in profitability of the segment.

CVCheck commenced redirecting advertising spend toward accelerating business customer growth in Q2 FY19 and expects to expand this spend modestly in Q3 FY19.

Product diversification

A key strategic focus for CVCheck in FY19 is to accelerate revenue diversification and generate increased average revenue per user, particularly in the Australian business operations. The diversified nature of CVCheck's NZ business saw 71% of revenue generated from checks other than criminal history in FY18, while the Australian business generated just 8% of revenue from checks other than criminal history. This presents a significant opportunity for CVCheck to drive additional organic growth.

Progress year to date

The percentage of revenue from such "other" checks has risen strongly from 17% across the group in FY18 to 21% across H1 FY19. The improvement was driven by results in the Australian business which saw the

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percentage of revenue from "other" checks accelerating from 8% across FY18 to 12% in both November and December 2018.

Streamlined reference check release

In line with the diversification strategy, CVCheck launched its streamlined reference check product into the Australian market during September and then the New Zealand market during Q2 FY19. Initial demand for this product has been strong, with the streamlined reference now ranked in the top 3 check products sold in Australia and the top 5 across CVCheck Group. Our client facing teams are excited by the reception and are experiencing greater client engagement. We are encouraged by the early uptake of the product from our corporate client base including companies such as Programmed, Optus, Alinta Energy and Chep; the pipeline of demand is building strongly.

Management Commentary / Outlook

CVCheck Chief Executive Officer Rod Sherwood, commented, "We are pleased to have achieved our maiden cash flow positive quarter, which is a direct reflection of the growing stability within the Company's revenue base. Our efforts to prudently manage costs and drive efficiency gains across the business delivered significant improvements during the quarter, and we expect to see the full extent of these initiatives continue to flow.

CV1 is in excellent shape and poised for a strong CY 2019, backed by a solid cash balance and sustained cash flow improvement. Near-term growth is expected to be underpinned by further product diversification, across a heavily fragmented sector, with a specific focus on strengthening revenue quality and diversification.

Driving organic growth within our B2B division remains a priority and that is delivering significantly higher margins and ROI, which were reflected in the December quarter.

CV1 is also continuing to roll out the automation of our entire product suite and we expect this to add significant value and improved scalability over the coming months. Strong growth in corporate client engagement resulted from the successful launch of our automated reference check platform and our open API continues to provide new business opportunities.

CVCheck enters this calendar year with confidence, and we look forward to reporting further updates on the above initiatives during the March quarter."

Investor Conference Call Details

An investor conference call will be held on **Wednesday 6 February at 11.00am AEDT / 8.00am AWST, dial in details to be provided Monday 4 February.**

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About CV Check Limited:

CVCheck is an expanding business with growing revenue streams through the provision of its check products to employers, industry associations and individuals via its proprietary online platform www.cvcheck.com. CVCheck 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. CVCheck is a listed public company quoted under the ticker CV1 on the Australian Securities Exchange (ASX).