



**MEDIA RELEASE**  
**ASX: CV1**

**30 June 2016**

## **CVCheck operational update**

- **Acquisition of NZ-based Resumé Check to complete 1 July, with integration of CVCheck technology and service model well advanced – robust sales pipeline in place**
- **Managing Director Steve Carolan to oversee New Zealand integration with current CFO, Rod Sherwood, appointed acting CEO**
- **Resumé Check is a leading full-service screening provider with FY2016<sup>1</sup> revenue of circa NZ\$1.1 million and strong growth prospects for FY2017 - growing corporate client base of 300+**
- **CVCheck Board has reaffirmed FY16 revenue of \$7.1 million, with new user sign up rate tracking at 6% - 7% month-on-month (~20% quarter-on-quarter)**
- **Key focus is to scale up NZ business, drive organic growth in Australia and significantly reduce operating expenses**

Leading online screening and verification company, CVCheck Ltd (ASX: CV1) (“CVCheck”) is pleased to announce it will be completing the acquisition of NZ-based Resumé Check Ltd (“Resumé Check”) on 1 July 2016, with the integration of both businesses well advanced. The Company would also like to advise of key management changes during the integration process, including the appointment of current Chief Financial Officer, Rod Sherwood, as acting Chief Executive Officer.

### **Resumé Check Acquisition - Final Consideration**

The acquisition consideration comprises the following components:

- Upfront cash payment of ~A\$1.28 million, including A\$330,000 for the signing of key contracts; and
- 787,056 shares in CVCheck (~A\$233,000 at a deemed issue price of A\$0.296, based on 5 day VWAP prior to the announcement on 16 May).

Two further instalments of ~A\$151,000 are expected to be paid on an earn-out basis in each of FY2017 and FY2018, subject to Resumé Check’s business meeting certain revenue targets.

### **Integration Process Management Structure**

During the integration period, estimated to take in the order of 3 to 6 months, Managing Director Steve Carolan will work from the New Zealand office to oversee the integration of CVCheck’s technology platforms and service model. Furthermore, Carolan will work closely with NZ-based Managing Director, James Sutherland, to maximise a number of key near-term business development opportunities as the Company’s NZ expansion strategy is rolled out in coming months.

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<sup>1</sup> FY2016 year end for NZ is 31 March 2016



During this period, current CFO Rod Sherwood, will assume the role of acting CEO to manage the Australian operations, and will work closely with Carolan and the remainder of the senior management team to ensure operating synergies are maximised throughout the business.

**CVCheck's Chairman, Chris Brown, commented:** "The Board is excited to see the evolution of the management team, with Rod acting as CEO in Australia to allow Steve to work alongside James in order to grow the New Zealand business. The speed of the acquisition, and subsequent integration, reflects the depth of the management team and their ability to execute."

### **Update on Operations and FY16 Guidance**

The Board is also pleased to confirm the FY16 revenue guidance of \$7.1 million for the full year.

New user signup rate is growing at 6% to 7% month-on-month on average (~20% quarter-on-quarter), even with a significant reduction in marketing spend from May to \$150,000 - \$200,000 per month. The Company anticipates marketing spend to continue at this level.

Operating costs have been higher than expected, due to costs associated with the NZ business acquisition and integration, as well as higher operating costs in Australia.

One of the immediate benefits of the acquisition is that from 1 July, the cost structure of the Australian operations has been reduced to reflect learnings from New Zealand. This has led to an immediate and sustained reduction in operating expenses with a 1/4 reduction in headcount in Australia.

**Chris Brown added;** "The Company has put in place a number of measures to minimise expenditure and maximise operating efficiencies. This will allow the business to focus on the continued execution of our growth strategy whilst prudently managing costs. CVCheck is entering an exciting phase in its development as a leading online screening and verification business, and we look forward to providing our shareholders with additional updates in the near-term."

A further update will be provided with the Appendix 4C and subsequent release of the FY2016 results.

### **Integration of Resumé Check – Key Points**

- Resumé Check's business is highly complementary to CVCheck's existing business and offers a full range of screening and background checking services with an established network of clients and data providers.
- Resumé Check has spent over 10 years in New Zealand building a client base of over 300 customers. These span the education, healthcare, infrastructure, services, construction, government and financial services sectors, and include screenings for individuals working outside of Australia and New Zealand.
- Resumé Check delivered revenue of NZ\$1.1m in FY2016 (31 March year-end), the sixth consecutive year of revenue growth. NZ revenue is expected grown strongly in FY2017, driven by a major new contract and strong underlying growth. The business has also been EBITDA positive for many years. Resumé Check is expected to be earnings accretive to CVCheck in FY2018.
- New Zealand also represents an opportunity to leverage CVCheck's proprietary technology platform and automation expertise to further improve operating efficiencies.



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**About CV Check Ltd**

**CVCheck is an expanding business with growing revenue streams providing police checks, employment screening and tenant checks to employers, industry associations and individuals through its proprietary online platform, [cvcheck.com](http://cvcheck.com). CVCheck has been servicing the SAV market for more than 10 years and in the process has developed a world-class online platform providing more than 1000 checks across 190 countries. For more information, visit [cvcheck.com](http://cvcheck.com). CVCheck is listed on the Australian Securities Exchange (ASX: CV1).**

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