



ASX RELEASE  
ASX: CV1

30 January 2017

## CVCHECK CONTINUES TO GROW CASH RECEIPTS AND APPROACH CASH FLOW BREAKEVEN

- Q2 FY17 revenue of \$2.3 million, up 51% from \$1.5 million in Q2 FY16
- Q2 FY17 cash burn down to a net \$0.9 million, with operating cash burn down 39% on previous quarter
- Q2 FY17 cash receipts from customers of \$2.5 million, up 4% on Q1 FY17 despite customary December weakness
- Continued shift toward recurring B2B corporate revenues from B2C individual revenues
- Annualised expense savings of \$1.0 million since appointment of CEO Rod Sherwood
- Well funded to execute growth plan with cash of \$6.3 million at 31 December 2016 and growing revenue base
- On track to achieve cash flow breakeven in December 2017 quarter

Leading online screening and verification company, CV Check Limited (ASX: CV1) is pleased to provide the Company's quarterly operational and financial update.

### Revenues – on track to achieve FY17 guidance of \$11-12 million

Revenue for Q2 FY17 was \$2.3 million, up 51% from Q2 FY16 (\$1.5 million).

November 2016 saw the company generate its highest ever monthly revenue. In addition, and more pleasingly, the proportion of high quality recurring corporate revenue continued to grow over Q2 FY17, extending the trend established since the start of Q4 FY16.

Receipts from customers in the three months ended 31 December 2016 (Q2 FY17) grew by 4% on Q1 FY17 to \$2.5 million, despite commencement of the holiday season and customary cyclical weakness in this quarter.

The New Zealand business has significant exposure to customers and suppliers based in Wellington. Consequently, the impact on the capital of the November earthquake caused some disruption to the NZ business into December, but with the subsequent reestablishment of many services the Company is confident that growth in NZ will resume from February 2017.

CVCheck remains on track to achieve FY17 revenue guidance of between \$11.0 million and \$12.0 million. This is based on continuation of the recent user growth, recent wins of high quality corporate customers, careful expense reductions and maintenance of existing market and economic conditions.



### **Focused cost control reducing cash burn**

Operating cash burn over Q2 FY17 reduced to \$0.9 million, 39% less than Q1 FY17 (\$1.5 million).

Investing cash burn over Q2 FY17 reduced to \$0.03 million substantially down on Q1 FY17 (\$1.6 million, which included the acquisition of CVCheck's New Zealand business).

An R&D tax incentive payment received in December of a net \$0.46 million contributed to this outcome.

Rod Sherwood, in his new role as CEO, has undertaken a complete Company review and implemented expense reduction strategies that has already resulted in \$1.0 million of annualised savings through improving workflows, technology developments and staff reductions. Importantly, these savings have been achieved whilst maintaining the Company's growth focus and capability. These cost benefits will flow across the business from Q3 FY17.

### **Board evolution**

CVCheck's Board believes it is close to appointing a new independent non-executive director. The appointment will strengthen the mix of Board skills. In addition, it will result in CVCheck having three independent directors comprising a majority of the board – bringing CVCheck into compliance with ASX Corporate Governance Principles and Recommendations. The Board has been extremely pleased with the calibre of candidates and an announcement with regard this appointment will be made as soon as possible.

### **Corporate Calendar**

With the accompanying Appendix 4C (cash flow statement) released, the next key date in the corporate calendar is the release of the December 2016 Appendix 4E (half year report) currently planned for 28 February 2017.

### **Additional notes for interpreting CVCheck's Appendix 4C for Q2 FY17**

Note 1.2(c): Paid media advertising and related marketing activity were reduced in Q4 FY16 with the last payments of the higher activity period being made in Q1 FY17. Recurring corporate revenue growth has continued at a similar rate in FY17 with this focused shift in spend.

Note 1.2(e): Staff expenses incurred in Q2 FY17 include cash payments totalling \$0.15 million associated with both terminations and reframed conditions of certain roles. These and other cost saving initiatives will realise \$1.0 million in annualised savings to flow across the business from Q3 FY17.

Note 1.7: Part R&D tax refund, see additional amount in Note 2.5.

Note 2.5: Part R&D tax refund, see also additional amount in Note 1.7.

Note 9: Consistent with ASX Guidance Note 23, this table does not include anticipated cash receipts from customers. The estimates provided are expenditure only and adopt a conservative position. Expenditures such as cost of goods sold, marketing and business development team bonuses will vary according to the actual level of business activity that drives revenues. The expected expenditures stated are at the high end



range of anticipated activity.

-ENDS-

**For further information, please contact:**

Rod Sherwood, CEO  
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**About CV Check Limited:**

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 [www.cvcheck.com](http://www.cvcheck.com).

CVCheck has been operating for more than 10 years and in the process has developed a world-class online platform providing more than 1,000 checks across 190 countries.

CVCheck is a listed public company quoted under the ticker CV1 on the Australian Securities Exchange (ASX).

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

CV CHECK LTD

**ABN**

25 111 728 842

**Quarter ended ("current quarter")**

31 December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,484	4,866
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,333)	(2,597)
(c) advertising and marketing	(469)	(1,156)
(d) leased assets	-	-
(e) staff costs	(1,408)	(2,770)
(f) administration and corporate costs	(587)	(1,251)
(g) other working capital	5	5
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	30
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	196	196
1.8 Other	208	337
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(885)</b>	<b>(2,343)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(8)
(b) businesses (see item 10)	-	(1,308)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(292)	(582)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (Receipt of R&amp;D tax refund)</b>	268	268
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(27)</b>	<b>(1,630)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	6,302
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(26)	(640)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(3)	(7)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(29)</b>	<b>5,655</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,199	4,581
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(885)	(2,343)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(27)	(1,630)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(29)	5,655

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	2	(3)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>6,260</b>	<b>6,260</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	6,260	7,199
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,260</b>	<b>7,199</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	385
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,600)
9.3 Advertising and marketing	(600)
9.4 Leased assets	-
9.5 Staff costs	(1,300)
9.6 Administration and corporate costs	(600)
9.7 Other	(200)
<b>9.8 Total estimated cash outflows</b>	<b>(4,300)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  ..... Date: ..30/01/2017.....  
Director

Print name: Rod Sherwood

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.