

Checked-in for RegTech SaaS transition

CV Check Ltd (ASX:CV1) is a RegTech company providing workforce compliance monitoring and management technology and services (i.e. 'Know Your People' services). It is a key player in Australian pre-employment screening and verification (SaV) (~11.5% market share) reflecting a 39% revenue CAGR since its 2015 listing. CV1 has been operating cashflow positive for the past seven quarters (\$2.1m FY22 to date) and is well capitalised with \$12.3m cash. Following the April 2021 strategic acquisition of Bright People Technologies with its SaaS workforce compliance platform ('Cited') and Michael Ivanchenko's appointment as CEO in August 2021, CV1's key focus is to substantially grow SaaS revenues (from \$2.4m). This would transition CV1 from predominantly transaction-based SaV revenue (~90%) towards high-margin (~85%) SaaS subscription revenue with its attendant operating leverage. Cross-selling to existing corporate SaV customers in 'compliance heavy' sectors is a key strategy and international opportunities are also being assessed. CV1 is also a potential beneficiary of structural tailwinds of increasing workforce complexity, compliance and ESG. Moreover, it is well placed for M&A (bidder or target).

Business model

CV1 has two core offerings: (1) Screening and verification (SaV) services via its CVCheck platform (91% FY22f revenues); and (2) A Software-as-a-Service (SaaS) real-time workforce compliance monitoring and management platform. SaV services generate transactional revenues with fees charged per check on a PAYG basis. They are targeted at business, skewed to police checks, and somewhat leveraged to the employment market. For SaaS, customers (employers) pay a fixed monthly fee plus transactional fees for SaV and other services. CV1 is now moving its SaaS pricing to a simple monthly all-in fee per worker of \$15-\$30 (inclusive of transactional services, minimum 12-month subscription term).

Key inflection point for SaaS transition strategy

CV1's key strategic and operational focus is to substantially grow its industry and jurisdictionally agnostic SaaS platform's subscriber base over the next three years. Having integrated the Bright acquisition and appointed a new CEO in 2021, and recently recruited a new sales director, it is now at an inflection point as the SaaS sales growth strategy commences in earnest. CV1 has ~500 large corporate SaV customers and cross-selling to those in 'compliance heavy' sectors (e.g. healthcare) is a key objective. On CV1's analysis, there are 3.6m Australian workers with recurring compliance monitoring requirements in its target markets. In tandem, CV1 is assessing cost-effective international opportunities (e.g. licensing, JV) and enhancing its offering (e.g. imminent 'Digital Credential Passport' app launch). Moreover, CV1 is operating and free cashflow positive (buoyed by strong SaV revenue growth in FY21/FY22), well capitalised with \$12.3m net cash, and operating in industries and a market environment which could be conducive to M&A.

DCF valuation of \$0.26/share or \$112m market cap

Our CV1 DCF-based valuation is \$0.26 per share. This implies EV/Revenue multiples of 3.8x for FY22 and 3.3x for FY23. As a cross-reference, CV1 is trading at a 56% discount to its ASX-listed peers on FY22f EV/Revenue (1.3x vs. 2.9x) with more pronounced discounts to its closest peers [Xref Ltd (ASX:XF1) at 4.7x and IntelliHR Ltd (ASX:IHR) at 4.6x]. Relative to the US-listed SaV pure-plays (First Advantage, Sterling and HireRight), CV1 is trading at a 51% discount to their average 2.6x CY22f EV/Revenue.

Historical earnings and RaaS Advisory estimates

Year end	Revenues (A\$m)	EBITDA reported (A\$m)	NPATA* (A\$m)	NPAT reported (A\$m)	EPS (c)	P/E (x)	EV/Sales (x)
06/21a	17.5	0.2	(0.7)	(1.0)	(0.3)	nm	1.8
06/22f	26.2	1.0	(0.3)	(1.5)	(0.3)	nm	1.3
06/23f	30.5	2.4	0.8	(0.4)	(0.1)	nm	1.1
06/24f	37.1	5.2	3.4	2.2	0.5	21.4	0.8

Source: Company data; RaaS estimates for FY22f, FY23f and FY24f; *excl Bright acq'n amort

Software & Services

15 June 2022

Share Details

ASX code	CV1
Share price (10-Jun-22)	\$0.105
Market capitalisation	\$45.6M
Shares on issue	434.2M
Net cash at 31-Mar-22	\$12.3M
Free float	~64% / ~79% (excluding founders)

Share Performance (12-months)



Upside Case

- Uptake of industry agnostic, high-margin RegTech SaaS offering exceeds expectations
- International opportunities for SaaS offering
- Well positioned for potential M&A

Downside Case

- Lower-than-expected SaaS uptake rate
- Economic downturn leads to reduced demand for pre-employment screening
- Changes to consumer data availability

Board of Directors / CEO

Ivan Gustavino	Non-Executive Chairman
Michael Ivanchenko	CEO
George Cameron-Dow	Non-Executive Director
Oliver Stewart	Non-Executive Director
Jon Birman	Non-Executive Director

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CV Check Ltd

CV Check Ltd (ASX:CV1) is a regulatory technology (RegTech) company providing workforce compliance monitoring and management technology and services (i.e. 'Know Your People' services). Since listing in 2015 it has grown its revenue base to \$26m (39% CAGR) and become a key player in Australian pre-employment screening and verification (SaV) (~11.5% market share) via police checks and credentials verification. CV1 is now at a key inflection point following the strategic acquisition of Bright People Technologies and its industry agnostic SaaS real-time workforce compliance platform (branded Cited) just over a year ago. Having integrated Bright's operations and appointed the requisite key personnel (including CEO Michael Ivanchenko), CV1 is now focused on substantially growing SaaS revenue over the next three years (from \$2.4m/9% currently) via an all-in monthly fee per worker pricing model. This would transition CV1 from predominantly transaction-based SaV revenue (~90% currently) that is somewhat leveraged to the employment market, towards high-margin (~85%) SaaS subscription revenue with its attendant operating leverage. Cross-selling to those of its ~500 existing large corporate SaV customers in 'compliance heavy' sectors (e.g. healthcare) is a core strategy and more broadly CV1 has identified a pool of 3.6m Australian workers with recurring compliance monitoring requirements in target markets. Concurrently, CV1 is assessing cost-effective international opportunities (e.g. licensing, JV) and progressing technology initiatives to enhance its offering (e.g. imminent 'Digital Credential Passport' launch). Notably, CV1 is operating and free cashflow positive (reflecting strong SaV revenue growth in FY21/FY22 buoyed by employment market strength) and well capitalised with \$12.3m net cash. Turning to broader investment themes, CV1 is a potential beneficiary of structural tailwinds of increasing workforce complexity, compliance and ESG, and is well placed for M&A (bidder or target) given it operates in fragmented industries that have witnessed recent M&A and investment activity.

Investment Case

The investment case for CV1 reflects the following features and catalysts:

- **RegTech/workforce SaaS acquisition:** CV1 embarked on a major strategic transition upon completion of the Bright People Technologies ('Bright') acquisition in April 2021. This has enabled CV1 to expand from pre-employment focused screening and verification (SaV) services into high-margin SaaS solutions for broad workforce compliance monitoring and management with Bright's 'Cited' platform. Bright also increased CV1's scale adding ~\$5.5m revenue at ~84% gross margins.
- **Sound financial profile - \$12.3m net cash, cashflow positive:** CV1 is well capitalised with \$12.3m net cash. It is operating and free cashflow positive (buoyed by strong SaV revenue growth in FY21/FY22), having reported seven consecutive quarters of positive operating cashflow (\$2.1m for nine months to March 2022). It is 'self-funding' its capitalised technology development spend from current operating cashflow. CV1 also has a track record of revenue growth and improving gross margins (currently ~64%).
- **SaaS sales growth focus including cross-selling:** Having integrated the Bright acquisition and appointed a new CEO in 2021, and recently recruiting a new Melbourne-based sales director, CV1's key strategic and operational focus is to substantially grow the SaaS platform's subscriber base over the next three years. The pricing model is a simple monthly all-in fee per worker of \$15-\$30 (inclusive of transactional services, minimum 12-month subscription term). CV1 will actively pursue those of its ~500 large corporate SaV customers in 'compliance heavy' sectors (e.g. healthcare). There is also a broader opportunity with 3.6m Australian workers with recurring compliance monitoring requirements in its target markets.
- **New and renewing SaaS customers:** The SaaS platform already has some traction with ~\$2.4m revenue including large resources companies in WA and the recent addition of Hireup (platform for disability support workers and clients) which will go live imminently.
- **Enhanced potential operating leverage:** CV1 has positioned itself to transition from predominantly transaction-based SaV revenue (~90% currently) towards high-margin (~85%) SaaS subscription revenue.

This would enliven the operating leverage in the SaaS model (once the base sales and customer service team is established in FY23).

- **SaaS platform features and positioning:** Earlier this year, real-time compliance monitoring functionality was added to the SaaS platform and it will imminently launch a 'Digital Credential Passport' app for workers. The Cited platform is also industry and jurisdictionally agnostic and scalable.
- **Assessing international SaaS opportunities:** CV1 is assessing cost-effective international opportunities for the Cited SaaS platform (e.g. licensing, reselling, joint-venture type arrangements).
- **Strong base screening and verification (SaV) business:** CV1 is a key player in the pre-employment SaV market with 11.5% market share in Australia and holds a leading position in New Zealand. It offers a broad range of competitively priced checks to a customer base that is now predominantly B2B (~84%), diversified and unconcentrated (no customer >2% revenue) with high repeat order rates (~80%).
- **'Consolidating' the SaV base:** CV1 is also intending to capitalise on its SaV market position via strategies to: (1) Further reduce the police check skew (~60%) via multi-check bundling; (2) Enhance workflows to boost margins (by embedding AI and biometrics and integrating some of Bright's processes); and (3) Provide additional value-added offerings (e.g. digital identity management services).
- **Structural tailwinds:** While CV1's SaV services have benefited from the post-COVID employment market strength, they are also leveraged to broader structural tailwinds of increasing workforce complexity and mobility, compliance requirements, and post on-boarding screening. These drivers could ameliorate some of its leverage to the broader employment cycle and the demanding SaV revenue growth comparables into FY23/F24. Moreover, the Cited SaaS platform is also positioned to capitalise on these structural tailwinds - and compliance SaaS offerings tend to be more insulated in economic downturns.
- **Positioned for M&A – predator or prey:** We view CV1 as both a potential target and potential acquirer, especially in the medium-term. CV1 operates in fragmented industries (RegTech, HR/workforce tech, SaV) which are conducive to M&A opportunities. There have been a number of international M&A transactions in the SaV sector in recent years, including the US-listings of the three largest SaV players in 2021. Australian-based workforce tech companies have also been the subject of M&A and private equity investments. As a listed entity with \$12.3m cash, CV1 also has the flexibility to consider acquisitions to add functionality to its offerings and/or build scale.
- **ESG:** CV1's offerings in RegTech and SaV assist businesses to meet their governance and social (human resource management) requirements and objectives. This could appeal to those investors incorporating ESG factors into their investment filters.

DCF Valuation and Peer Comparisons

Our DCF valuation for CV1 is **\$0.26 per share**. We view DCF as the most appropriate methodology for valuing CV1 at this point in its lifecycle as it embarks on its SaaS subscription sales growth strategy. We have also considered the trading multiples of three peer groups as a cross-reference: (1) 14 ASX-listed companies in the HR/workforce technology or RegTech sectors that we consider to be CV1's key peers; (2) The three US-listed pureplay SaV companies; and (3) Four large international companies providing broader business intelligence offerings including SaV. CV1 is currently trading at:

- A 56% discount to the average of its ASX-listed peers based on FY22F EV/Revenue (1.3x vs. 2.9x). The discount is more pronounced relative to its two closest peers, Xref Ltd (ASX:XF1) and IntelliHR Ltd (ASX:IHR) which are trading at 4.7x and 4.6x respectively; and
- A 51% discount to the average of the three US-listed pureplay SaV peers based on CY22F EV/Revenue (1.3x vs. 2.6x). Whilst there is a vast difference in their revenue and earnings scale relative to CV1, it provides a sound valuation yardstick for CV1's current predominantly SaV revenue.

The peer comparisons imply an FY22 enterprise value (EV) of \$68m-\$124m and an equity value of \$0.18-\$0.31 per share for CV1. Our DCF valuation implies EV/Revenue multiples of 3.8x for FY22 (and 3.3x for FY23).

Company History

- CV Check Ltd was incorporated in late 2004. It was admitted to the ASX's Official List in September 2015 after its initial public offering raised \$9.9m at \$0.20 per share. Since listing, its revenue has grown (primarily organically) from \$2.6m in FY15 to \$17.5m in FY21 (37% CAGR) and \$26.2m in FY22 on our forecasts (39% CAGR).
- **Initial post-IPO focus:** Post-IPO, CV1 initially focused on providing police checks to the B2C market and undertook a major \$6.7m Australia-wide consumer advertising and marketing campaign in 2015/2016 to raise awareness of the CVCheck brand. This generated B2C revenue growth but also resulted in high customer acquisition costs given individuals are often single-use customers.
- **NZ acquisition:** On 1 July 2016, CVCheck entered the NZ market with the acquisition of Resume Check Ltd for ~A\$1.7m. NZ is a B2B-focused operation that currently accounts for ~13% of CV1's revenue and has been EBITDA positive each year post-acquisition (see **Annexure A** - New Zealand).
- **B2B strategy in Australia:** From 2017, CV1 started to focus on the B2B market (both larger corporates and SMEs) given businesses have high reorder rates and usually order multi-check bundles. Concurrently, CV1 targeted tighter cost management (including in advertising and marketing spend which was ~16% of revenue in FY17/FY18) in order to move expeditiously towards cashflow breakeven.
- **Initial positive operating cash flows:** CV1 achieved its maiden operating cashflow positive quarter in December 2018 (Q2 FY19). This was followed by further positive quarters in March 2019, June 2019 and December 2019 prior to the COVID-19 impacted H2 FY20.
- **Major strategic acquisition – Bright People Technologies:** On 6 April 2021, CV1 completed the acquisition of Bright People Technologies Pty Ltd ('Bright') for \$12.6m (comprising \$10.2m scrip and \$2.5m cash primarily for loan repayments).

Bright is a Perth-based workforce management and compliance software company that was established in 2002. It operates two platforms: (1) A SaaS platform branded 'Cited'; and (2) A legacy platform branded 'Enable' which was designed for the resources industry. Its client base is B2B and includes major resources companies – BHP (primarily WA iron ore), Roy Hill, Mineral Resources, Atlas Iron and Woodside, and utilities (Water Corporation, Western Power).

Bright developed the Cited platform to provide a more comprehensive and industry agnostic approach to workforce screening, onboarding and compliance management.

CV1's key acquisition rationale was:

- To expand CV1's offering from Australasian pre-employment focused SaV services to end-to-end (employment lifecycle) compliance monitoring and management with broad industry and geographic applications; and
- To facilitate revenue diversification and growth by building Cited's SaaS subscriber base.

In addition, Bright increased CV1's scale and enhanced its financial profile by adding both SaaS and transactional revenue streams (Bright's aggregate FY21 revenue was \$5.5m) at high gross margins (~84%).

See **Annexure B** - Bright Acquisition for further information including a list of Bright's major clients.

- **New CEO:** Michael Ivanchenko commenced as CEO on 30 August 2021.
- **Bright integration completion:** In late 2021, CV1 completed the integration of Bright into the CV1 operations including unified teams in sales, marketing, operations and technology and, in early 2022,

relocated all operations to a new Perth CBD office. Cross-mapping the respective tech stacks and processes has identified areas for future efficiency gains.

- **Current strategy:** In November 2021, CV1 articulated a three-pronged strategy:
 - **Consolidate the base** (CVCheck platform): Attract new B2B customers and increase bundled multi-check orders.
 - **Grow new markets:** Via the Cited SaaS compliance monitoring and management offering, including cross-selling to existing CVCheck platform customers and exploring international roll-out opportunities.
 - **Innovate:** Via product expansion (launching a 'Digital Credential Passport' app for workers and applying for Federal Government accreditation as a digital identity verification service provider) and process improvements (e.g. introducing biometrics).
- **Launch of major upgrade to Cited SaaS platform:** In early 2022, real-time compliance monitoring functionality was introduced.
- **Seventh consecutive operating cashflow positive quarter:** Following the COVID-19 impacted H2 FY20, CV1 has now reported seven consecutive quarters of positive operating cashflow (September 2020–March 2022), or six quarters excluding government COVID-19 assistance payments. Free cashflow has also been positive for five of the past seven quarters.

CV1's last capital raising was in February 2021 and raised \$10.5m (for Bright acquisition-related payments and working capital purposes). For CV1's capital raising history, refer to **Annexure C** - Capital Raising History.

CV1's Operations and Business Model

CV1 is an Australasian regulatory technology ('RegTech') company which recently adopted the moniker 'Know Your People services' to describe its expanding RegTech offering for workforce compliance monitoring and management.

CV1 has **two core offerings**:

- Screening and verification ('SaV') services via the CVCheck platform (91% of FY22f revenue); and
- A workforce compliance monitoring and management technology platform branded 'Cited' provided on a Software-as-a-Service ('SaaS') basis (9% of FY22f revenue).

A third offering (branded 'Enable') is Bright's legacy workforce management and compliance platform which continues to be provided to ~20 existing customers (with virtually all also using Cited for certain functionality).

CV1's **key strategic and operational focus is to substantially grow the Cited SaaS platform's subscriber base** over the next three years. An initial key sales strategy is cross-selling to existing corporate SaV customers in 'compliance heavy' sectors such as health and aged care.

Screening and Verification (SaV) Services – CVCheck Platform

CV1's SaV services encompass criminal history check services (aka police checks), verification of credentials such as qualifications and right to work in Australia, and screening services including reference, credit and medical checks. A list of CV1's SaV services is set out in **Annexure D** – Screening and Verification Services.

Pre-employment SaV is dominant: SaV services are utilised for purposes such as employment, licensing, tenancy and good fame and character requirements. CV1's services are predominantly utilised for pre-employment screening purposes.

Transactional revenue model (PAYG): The SaV services generate transactional revenue with fees charged per service/check on a pay-as-you-order basis.

Police checks skew: Police checks accounted for 55% of CV1's total revenue in H2 FY21 and 67% in H1 FY22. Other popular SaV services are qualification and employment verifications and reference checks.

B2B market focused with ~500 larger corporate customers: The principal customer base is large corporates and small to medium enterprises (SMEs) in Australia and New Zealand (i.e. B2B market) which account for ~84% of revenue.

The CVCheck platform has ~500 returning large corporate customers and ~5,650 returning SME customers. A sample of its large corporate customers spanning 15 sectors is set out in **Annexure E – Sample SaV B2B**.

The B2B customer base exhibits the following key features:

- It is **diversified** by industry sector and unconcentrated - with no customer accounting for >~2% of revenue.
- A **high returning customer rate** of 80% even though customers are often not contracted and there are usually no minimum order volume requirements.
- On average they order **two+ checks per candidate** (e.g. police check + qualifications check + reference check) which drives higher revenue and gross margins.

Individuals also access the SaV services directly via the cvcheck.com website (i.e. **B2C market**).

Sales channels: CV1 sells its B2B SaV services through five channels:

- **Direct sales (key channel):** A direct sales team focuses on larger corporates who are subsequently serviced by a relationship management team.
- **Integration/channel partners:** The platform is integrated with ~13 human resources information software (HRIS) and applicant tracking system (ATS) platforms.¹ Revenue sharing or commission arrangements are in place with these integration partners which we estimate account for 5-10% of SaV revenue.
- **Inbound international wholesale customers:** Wholesale supply agreements are in place with two international providers of SaV services, Vero Screening Ltd (UK) and NetForce Global LLC (US), for the provision of Australian/NZ checks for their employer customers. We estimate these arrangements account for <5% of SaV revenue.
- **Tenders:** CV1 regularly submits tenders in response to invitations from larger organisations.
- **Online:** A 'self-service' offering is available for SMEs via the cvcheck.com website.

Seasonality: The SaV services have historically experienced some seasonality (albeit this has not been particularly evident in FY22 due to strong labour market conditions) with orders and revenue skewed to the second (June) half of the financial year reflecting hiring and holiday seasons. The seasonally weakest quarter has historically been Q2 (December quarter).

Planned FY23 initiatives: CV1 intends to enhance its SaV workflows and platform by embedding further artificial intelligence (AI), integrating some processes from Bright's tech stack, and introducing biometrics for identification purposes. Its impending 'Digital Credential Passport' app will be available to workers who are screened/monitored through the Cited and CVCheck platforms free of charge.

¹ SAP SuccessFactors, PageUp, WorkDay, TechnologyOne, Cognology, Xref, LiveHire, LinkedIn Talent Hub, SmartRecruiter, JobAdder, SnapHire, Springboard, and PeopleScout.

RegTech SaaS platform – Cited

The Cited SaaS platform provides real-time workforce compliance monitoring and management services. It has application throughout the lifecycle of employees as well as contractors and suppliers.

Cited has been designed as an industry and jurisdictionally agnostic platform which enables businesses to easily tailor various features for their workforces. As a cloud-based SaaS solution, it is also scalable.

The platform enables compliance monitoring and management by combining (in real-time) each worker's information and data with organisational policies/rules and industry relevant legislative/regulatory requirements that are customised by role, task/project and location. The imminent 'Digital Credential Passport' app will enable workers to directly capture and retain their information and data and supply it to their employer(s) more efficiently via the Cited platform (vs. current mobile-optimised website and non-portable information).

CV1 believes that no other single supplier workforce compliance SaaS offering currently incorporates all of Cited's functionality (e.g. compliance monitoring in real-time and fully integrated ongoing/recurring screening and verification capability). The key features of the Cited platform offering are set out below.

Exhibit 1: Cited SaaS platform – key features

Feature	Description
Pre-employment SaV services	<p>Pre-hiring checks (with choice to require payment by the worker) which commonly include:</p> <ul style="list-style-type: none"> • Identity verification • Police checks • Role, task/project and location-specific checks (e.g. qualifications and certifications, training, and medical checks) <p>See Annexure D – Screening and Verification Services for a full list.</p>
Onboarding / inductions	<ul style="list-style-type: none"> • Online inductions and training modules (including conversion of offline content to online) • Company policies and compliance administration forms (e.g. site conditions and access agreements; PPE uniforms) • University accredited training packages available
Real-time compliance monitoring and reporting	<ul style="list-style-type: none"> • Data capture via workers for licence/certifications, training completion, location check-ins, ready-to-start and safety checks etc • Data analysis by combining current relevant organisational policies/rules and legislative/regulatory requirements with each worker's information and data • Dashboards, compliance matrix and customised reports providing real-time view of compliance • Automatic flagging of issues/non-compliance for action • Availability of ongoing SaV services – e.g. checking licence/certification renewals, periodic medical checks, right to work remains valid, police check result has not changed
Compliance management	<ul style="list-style-type: none"> • Automated alerts and reminders for upcoming expiries, renewals, training requirements, exemptions etc • Forecasting/planning tools for training requirements, changes to business policies and legislative/regulatory requirements, and broader business planning (e.g. available compliant workers for new projects or work sites, or upcoming risk of worker shortages) • Ongoing training/learning and development for licence/certification maintenance and renewal processes or new business policies and legislative/regulatory requirements • Historic data/records availability (for audits and for worker access/portability purposes)
Worker deployment	<ul style="list-style-type: none"> • Rostering (linked to compliance pre-requisites) • Logistics (including for FIFO): deployment and redeployment, flight booking, accommodation administration, site access, and location tracking
Contractor management	<ul style="list-style-type: none"> • Per above - tailored to the organisation's requirements for third-party businesses and their personnel
'Digital Credential Passport' for workers (expected to be launched in June 2022)	<ul style="list-style-type: none"> • Provides workers with access to the Cited-verified credential information they provide to employers, including a validated government-recognised digital identity, which they can elect to share with other employers/other third parties • Enables portable and reusable verification for workers, and can reduce duplication and inefficiencies for both workers and businesses using or accepting Cited-verified credential information • Biometrics and other enhancements expected to be added in FY23/24 • Free for workers

Source: CV1 announcements and websites

We note that Cited does not include the following HR management functionality: job applicant tracking (e.g. interviews, job acceptance), payroll administration, performance reviews and management, general workforce communications, engagement and surveys, and offboarding. However, akin to the CVCheck platform, it can be integrated with other relevant third-party HR and ERP software via APIs.

The key advantages of the platform for employers are set out below.

Exhibit 2: Cited SaaS platform – key advantages for employers

Feature	Description
Real-time monitoring of workforce compliance status	Akin to constant audit (vs. retrospective investigation/audit). Reduces potential future direct and indirect costs arising from breaches.
Proactive compliance management	Provision of data and functionality to plan for and manage licence/certifications renewal requirements and new or changing business policies or legislative/regulatory requirements + Reduced potential for incidents and subsequent investigations + Readily accessible source of information for internal or external audit requirements. Can also facilitate business planning (e.g. available compliant workers for new projects or work sites, or upcoming risk of worker shortages).
Reduced administration via worker self-service	Direct digital information and data capture by workers streamlines processes and eliminates manual processing/data entry and administrative burden on HR and compliance staff.
Relevance to various internal stakeholders	Provides relevant information not only to hiring and HR staff but for risk and compliance managers, site managers, health and safety officers, training managers, executives and boards/governing bodies.
Ease-of-use and value-add service for workers	'Digital Credential Passport' app will improve the user interface and experience for workers, while its portability has the potential to reduce the worker 'pain point' of repeating background checks and training, especially for workers with multiple jobs, contractors and suppliers (where their other employer(s) also subscribe to Cited). There is no charge to workers for use of the Passport app.

Source: CV1 announcements and websites

New revenue model: All-in monthly fee per worker, minimum 12-month subscription

To date, customers using Cited have been charged a monthly SaaS fee plus transactional fees based on use of SaV services and travel/FIFO booking related services. In FY22, we expect the SaaS fees will amount to \$2.4m (~41% of revenue from Bright's platforms) with transactional fees accounting for ~\$3.4m (~59% of Bright's revenue).

Moving forward, CV1 will charge new or renewing customers a monthly all-in fee per worker for Cited's full suite of platform services (including SaV transactional services which businesses currently order and pay for as needed). CV1 views the simple all-in pricing model as a **key differentiator** which should provide sales impetus and support customer retention and, in turn, drive an increasing proportion of subscription SaaS revenue.

The minimum subscription term will be 12 months. CV1 expects customers will agree to subscription terms of one to three years (akin to the length of Bright's existing customer contracts).

The fee per worker is expected to be in the range of \$15-\$30 per month (\$180-\$360/year) with exact pricing varying based on subscription term, and industry and business specific requirements (e.g. anticipated annual SaV service requirements). We understand that this revenue model and pricing has received a positive reception in market soundings.

We also note that monthly per-user pricing is a commonly deployed SaaS subscription pricing model and CV1's pricing range is akin to other HR/workforce management offerings. For instance, IntelliHR Limited (ASX:IHR) charges \$16/user/month for its full SaaS HR management suite, and Safety Culture charges \$24/user/month (with a 20% annual billing discount) for its iAuditor inspection and safety platform.

Current Cited SaaS customers

We understand that the ~\$2.4m current SaaS revenue is generated from contracts with ~20 existing Bright clients - with around half on the latest full version of Cited (including Atlas Iron which upgraded upon renewal of its rolling 12-month agreement earlier this year). These customers are skewed to the resources and construction sectors in WA.

Hireup: In addition, the first SaaS agreement with a major new client, Hireup Pty Ltd, commenced on 23 February 2022 and will go live imminently. It is expected to generate revenue of at least \$350k per annum (1.1% of FY23f revenue) via fixed monthly subscription fees (including SaV transactions).

Hireup is Australia's largest National Disability Insurance Scheme (NDIS) registered online platform designed for people with disability and/or their families to find, hire and manage support workers. It serves over 10,500 clients seeking support and employs a similar number of carers/workers.

We note that:

- The agreement marks the first major use of Cited's SaaS platform in a healthcare-related setting. This is indicative of acceptance of the platform as industry agnostic and should serve as a case study.
- The agreement is for a three-year term (although Hireup has an option to terminate without cause after 12 months).
- Cited will be utilised for a portion of Hireup's carers/workers. We understand that the implied monthly fee per worker is within CV1's future target range (estimated ~\$25/month/worker).

Target industries and sales strategy

CV1 will focus on sales to employers in the sectors set out below which it has identified as having *"the clearest product need with clear recurring compliance monitoring requirements"*. Based on CV1's analysis, there are 3.6m workers with recurring compliance monitoring requirements across these sectors (out of a total of 9.0m employed persons).

Cross-selling to existing corporate SaV customers in these sectors will be an initial target together with upselling of existing large Bright/Cited customers onto the latest Cited offering.

Exhibit 3: Cited SaaS platform - target industries						
	Sector	Potential workers with recurring compliance monitoring needs – per CV1	Employment level - November 2021	Projected five-year growth	Employment level - November 2026	Growth
1	Healthcare and social assistance	876,500	1,900,136	301,000	2,201,136	15.8%
2	Education and training	630,500	1,115,598	149,600	1,265,198	13.4%
3	Construction	621,800	1,143,650	66,400	1,210,050	5.8%
4	Transport, postal and warehousing	287,900	655,279	39,900	695,179	6.1%
5	Agriculture, forestry and fishing	226,500	316,058	16,200	332,258	5.1%
6	Administrative and support services	212,300	448,328	28,800	477,128	6.4%
7	Manufacturing	176,500	864,282	23,100	887,382	2.7%
8	Mining	152,400	271,311	15,900	287,211	5.9%
9	Accommodation and food services	138,800	849,474	112,400	961,874	13.2%
10	Public administration and safety	97,500	921,685	59,200	980,885	6.4%
11	Other services	65,500	543,823	20,300	564,123	3.7%
	Total	3,486,200	9,029,623	832,800	9,862,423	9.2%

Source: CV1 March 2022 Investor Presentation; National Skills Commission

Direct sales team expansion: In addition to the recent appointment of Melbourne-based Geoff Hoffmann as Sales Director, we understand that additional east coast sales resources will be recruited. Sales to new east coast customers represent a further sizeable opportunity given Cited/CV1's current WA customer skew.

Additional customer service resources are anticipated to be required into FY23/FY24. Currently, CV1 has ~15 staff in sales and account management and we anticipate this will increase to 20-25 staff over FY23 and FY24.

SaaS revenue scenarios and forecasts

Revenue scenario analysis: CV1 has not disclosed any specific revenue objectives or timeframes for the Cited SaaS platform. However, it included a scenario analysis in its March 2022 investor presentation based on a

market size of 3.6m potential Cited platform workers. The table below sets out this scenario analysis and serves to highlight the economies of scale inherent in its SaaS revenue model.

Exhibit 4: Cited SaaS platform - revenue scenario analysis				
Market penetration	Number of workers	Annual revenue - \$10/month	Annual revenue - \$20/month	Annual revenue - \$25/month
5%	180,000	\$21,600,000	\$43,200,000	\$54,000,000
10%	360,000	\$43,200,000	\$86,400,000	\$108,000,000
15%	540,000	\$64,800,000	\$129,600,000	\$162,000,000
20%	720,000	\$86,400,000	\$172,800,000	\$216,000,000
25%	900,000	\$108,000,000	\$216,000,000	\$270,000,000

Source: CV1 March 2022 investor presentation, page 21

Cross-selling incremental revenue opportunity: Given cross-selling to existing SaV customers will be a focus, we estimate that CV1 could generate \$106 to \$346 of incremental annual revenue per worker (on a total workforce basis) if it can migrate customers from pre-employment SaV to the Cited offering.

Exhibit 5: Cited SaaS platform - cross-selling incremental revenue opportunity economics				
	\$10/mth	\$15/mth	\$20/mth	\$30/mth
Annual revenue/worker - Cited	\$120	\$180	\$240	\$360
Pre-employment SaV revenue/screened worker (est. average)	\$70	\$70	\$70	\$70
Pre-employment screened workers as % of client workforce (est.)	20%	20%	20%	20%
Ave current revenue/worker - total client workforce basis (est.)	\$14	\$14	\$14	\$14
Incremental annual revenue/worker (est.)	\$106	\$166	\$226	\$346

Source: RaaS estimates and analysis

Scenario analysis of the incremental revenue opportunity can be undertaken based on:

- An estimated 414,000 workers in the 3.6m target/key product fit market whose employers are CV1 SaV customers (i.e. 11.5% based on CV1's SaV market share); and
- Our estimate of a total of 1.5m workers across the broader B2B SaV client base (assuming ~300k CV1 pre-employment screened workers per annum and a 20% screening rate).

This illustrates that if CV1 is modestly successful in cross-selling (i.e. 1%-5% of the 1.5m broader potential worker pool or 3.6%-18.1% of the 414k potential pool) in FY23/FY24, it would generate \$2.5m-\$12.5m of incremental annual revenue at \$15/month pricing and \$3.4m-\$17.0m at higher average pricing of \$20/month.

Exhibit 6: Cited SaaS platform - cross-selling incremental revenue scenarios					
Current SaV client uptake rate (on 1.5m worker est.)	Current SaV client uptake rate (on 414k worker est.)	Number of workers	Incremental revenue pa - \$10/month	Incremental revenue pa - \$15/month	Incremental Revenue pa - \$20/month
1%	3.6%	15,000	\$1,590,000	\$2,490,000	\$3,390,000
2.5%	9.1%	37,500	\$3,975,000	\$6,225,000	\$8,475,000
5%	18.1%	75,000	\$7,950,000	\$12,450,000	\$16,950,000
10%	36.2%	150,000	\$15,900,000	\$24,900,000	\$33,900,000
15%	54.3%	225,000	\$23,850,000	\$37,350,000	\$50,850,000
20%	72.5%	300,000	\$31,800,000	\$49,800,000	\$67,800,000
25%	90.6%	375,000	\$39,750,000	\$62,250,000	\$84,750,000

Source: RaaS estimates and analysis

Cited SaaS revenue forecasts: Our Cited revenue forecasts for FY22-FY25 are set out below. We note that sales of Cited will only start in earnest during FY23 given the new Sales Director only recently commenced and the hiring of additional sales staff is in progress.

Exhibit 7: Cited SaaS platform - revenue forecasts

	FY22f	FY23f	FY24f	FY25f
Base SaaS revenue (FY22): ~20 current clients	\$2,388,000	\$2,560,800	\$2,560,800	\$2,560,800
Hireup SaaS revenue	\$29,167	\$350,000	\$350,000	\$350,000
New SaaS revenue (new subscribers FY23-25)		\$2,790,000	\$9,454,500	\$16,564,500
Total SaaS revenue	\$2,417,167	\$5,700,800	\$12,365,300	\$19,475,300
Growth - \$		\$3,283,633	\$6,664,500	\$7,110,000
Growth - %		135.8%	116.9%	57.5%
% of CV1 total revenue	9.2%	18.7%	33.3%	44.7%
New workers on Cited platform				
Total annual new workers (at year end)		23,000	40,000	40,000
Cumulative new workers (at year end)		23,000	63,000	103,000
Equivalent to:				
Uptake by existing target 414k workers at SaV clients only		5.6%	9.7%	9.7%
Uptake by existing target 414k workers at SaV clients only - cumulative		5.6%	15.2%	24.9%
Uptake by total 3.6m target workers		0.6%	1.1%	1.1%
Uptake by total 3.6m target workers - cumulative		0.6%	1.8%	2.9%
Transactional revenue	\$3,416,000	\$3,298,400	\$2,604,000	\$1,736,000
Total Bright/Cited revenue	\$5,833,167	\$8,999,200	\$14,969,300	\$21,211,300
Growth - \$		\$3,166,033	\$5,970,100	\$6,242,000
Growth - %		54.3%	66.3%	41.7%

Source: RaaS forecasts and analysis

The key assumptions underpinning the forecasts are:

- Maintenance of existing SaaS annualised revenue base (including Hireup) at ~\$2.9m via renewals/upsell.
- Employers with a total of 23,000 workers subscribe to Cited over the course of FY23 (with a skew to H2 FY23) generating \$3.3m of growth in SaaS revenue to \$5.7m (together with the Hireup contract). This is equivalent to cross-selling to ~5.6% of CV1's current SaV customers in target markets or securing 0.6% of CV1's total target worker market.
- A more significant ramp-up in the second full year of sales in FY24 as employers with a total of 40,000 workers subscribe throughout the year generating \$6.7m SaaS revenue growth to \$12.4m. The cumulative workers at the end of FY24 is equivalent to cross-selling to ~15% of CV1's current SaV customers in target markets. The growth trajectory continues in FY25 with the addition of a further 40,000 workers on the Cited platform for \$19.5m SaaS revenue.
- Average \$15/month pricing for new workers.
- High retention rates (95%).
- Transactional revenue declines each year as Cited's existing customers transition to the new pricing model.

We note that SaaS revenue would account for 19% of CV1's total revenue in FY23, increasing to 33% in FY24 and 45% in FY25. This is attributable to our growth forecasts for SaaS revenue relative to the SaV services/CVCheck platform (4% in FY23 and flat in FY24). The latter reflects the demanding SaV comparables into FY23/FY24, loss of SaV revenue from those customers migrating to Cited, and our adoption of a cautious view of the employment market given heightened uncertainty regarding the economic outlook.

\$20/worker/month scenario: If CV1 secured higher \$20 average monthly worker SaaS fees, our forecast SaaS revenue would amount to \$6.6m in FY23 (up \$0.9m on base case) and \$15.5m in FY24 (up \$3.1m on base case).

Exhibit 8: Cited SaaS platform - revenue scenario \$20/month/new worker

	FY22f	FY23f	FY24f	FY25f
Base SaaS revenue (FY22) - ~20 current clients	\$2,388,000	\$2,560,800	\$2,560,800	\$2,560,800
Hireup SaaS revenue	\$29,167	\$350,000	\$350,000	\$350,000
New SaaS revenue (new subscribers FY23-25)		\$3,720,000	\$12,606,000	\$22,086,000
Total SaaS revenue	\$2,417,167	\$6,630,800	\$15,516,800	\$24,996,800
Growth - \$		\$4,213,633	\$8,886,000	\$9,480,000
Growth - %		174.3%	134.0%	61.1%
% of CV1 total revenue	9.2%	21.1%	38.5%	50.9%

Source: RaaS estimates and analysis

If Cited sales gain traction more swiftly, there is material potential upside to our forecasts as highlighted in the above revenue scenario and cross-selling incremental revenue opportunity analyses.

Execution risks and mitigating factors: The key risks to our forecasts lie in sales execution/customer uptake:

- Ability to expeditiously recruit and onboard the requisite sales staff.
- **Customer resistance points/competing offerings:** For instance, whilst Cited is a differentiated multi-service SaaS platform, it is not a complete workforce solutions platform and there is an assortment of competitor offerings in workforce management and compliance. Many potential customers will also have relationships with existing payroll, HRM and/or enterprise resource planning (ERP) software providers, including for software with overlapping functionality (e.g. inductions and training), which could create barriers to uptake or switching. Potential mitigating factors are Cited's integration capabilities with other HR platforms, its price point and model, and its cross-departmental use case (HR, legal, compliance, risk, executive management and governance).
- Longer-than-expected **lead times** to secure customers.
- **Economic uncertainty or downturn** leading to reduced business spending in all areas. A mitigating factor is that compliance-related software vendors are typically somewhat insulated from ancillary spend cuts during downturns (i.e. considered to be 'must have' spend).

High gross margins: We expect high gross margins of ~85% on Cited SaaS sales (akin to Bright's current margins) which would boost CV1's overall gross margins and operating leverage over the medium term as it becomes a more material component of revenue.

Assessing international opportunities for SaaS platform

To date, CV1 has not expanded its operations beyond the Australasian market. In terms of the SaV business/CVCheck platform, we note that organic international expansion could incur relatively high start-up costs as it would necessitate obtaining various authorisations, access and supplier relationships, and the duplication of cost structures in each jurisdiction.

However, given CV1 now has an industry and jurisdictional agnostic SaaS offering, it is currently assessing appropriate international roll-out opportunities for 2023/2024. We suspect that CV1 will assess opportunities in the UK market (which could also act as a beachhead into European markets), as well as underserved and/or underpenetrated markets for RegTech/workforce software (such as some SE Asian markets and India).

In order to ensure any new market entry is cost-effective (given the SaV services that feed into the Cited offering would be jurisdiction specific), we anticipate CV1 will explore licensing/reseller arrangements with local SaV (or similar) providers, or a joint-venture type arrangement with a local SaV provider.

Turning to potential arrangements in the UK market, target licensees/resellers could include CV1's current UK inbound wholesale partner, Vero Screening, or other UK-focused firms. ~50 commercial operators are currently registered as responsible organisations (for the provision of police checks) with the UK Government's

Disclosure & Barring Service including Vero Screening, the large international SaV firms, and several UK focused firms.²

Access/Supplier Agreements and Accreditations

CV1 compiles the information it utilises to provide its offerings either through non-exclusive access or licensing agreements with the owners of relevant databases or information services, or at its source (customer/worker/applicant). Most of CV1's key access agreements and accreditations have been in place for several years. CV1 also obtained ISO 27001 (Information Security Management) certification in 2021.

The key non-exclusive access agreements which underpin CV1's offerings are:

- **Police checks - Australian Criminal Intelligence Commission (ACIC):** Both CV1 and Bright are accredited by ACIC to access the National Police Checking Service (NPCS) to submit applications and retrieve check results for nationally co-ordinated criminal history checks on behalf of consenting individuals.³ ACIC accredits organisations that submit a significant volume of checks. ACIC-accredited bodies are provided with equal access to the NPCS.

CV1 has a rolling three-year agreement for access to the NPCS on ACIC's standard terms and conditions.⁴ This is CV1's most material agreement given revenue from Australian police checks directly accounts for ~60% of current revenue and could be an important ongoing indirect revenue driver as it grows the Cited SaaS subscriber base with all-in pricing.

We estimate that the cost per check is \$23 (as stipulated in ACIC's template agreement). In turn, CV1's estimated gross margin on nationally co-ordinated police check products is ~50%.

CV1 also has arrangements with:

- The Australian Federal Police (AFP) to directly order AFP searches;⁵ and
 - The New Zealand Ministry of Justice (MOJ) to access criminal record and traffic checks for its NZ customers at a cost of NZ\$9.56 per check.⁶
- **Identity verification services:** Bright is an authorised gateway service provider to the Federal Government's **Document Verification System (DVS)** which checks whether the biographic information on an identity document matches the original record and provides a 'yes' or 'no' result. This allows Bright to provide verification of a number of types of identity documents via the Cited platform (by sending match requests to the DVS and the results to its customers). Gateway service providers are charged 40-80 cents per query (depending on volumes).

In addition, CV1 is in the process of applying for accreditation as an identity provider under the **Trusted Digital Identity Framework (TDIF)** administered by the Federal Government's Digital Transformation

² See [Responsible Organisations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/responsible-organisations).

³ The NPCS facilitates access to police information and to nationally coordinated criminal history checks in partnership with Australian police agencies under the *Australian Crime Commission Act 2002* (Cth). Under a co-operative outsourced model, ACIC allows accredited bodies to access the NPCS on behalf of individuals and/or other organisations via its National Police Checking Service Support System (NSS).

ACIC refers to these as 'Nationally Co-ordinated Criminal History Checks', while CV1 uses the terminology 'Police Checks; or 'National Police Checks'.

⁴ The standard form of agreement is available at [NPCS Agreement for controlled access.pdf \(acic.gov.au\)](https://www.acic.gov.au/npcs-agreement-for-controlled-access.pdf).

⁵ Required instead of a national police check where it is for federal government purposes (immigration, federal government employment, federal licensing/registration), overseas employment, and for overseas and ACT residents.

⁶ See [Contract-for-Online-Delivery-of-Criminal-Conviction-Histories-31May21.pdf \(justice.govt.nz\)](https://www.justice.govt.nz/assets/Uploads/Contract-for-Online-Delivery-of-Criminal-Conviction-Histories-31May21.pdf).

Agency (DTA).⁷ This would enable CV1 to assist customers to set up and manage their ‘Digital Identity’, a Federal Government programme enabling people to prove who they are to access government and other services online (i.e. CV1 would be a gateway into the Digital Identity System). An identity provider can create, maintain or manage information about a person’s identity, and offer identity-based services. CV1 is targeting accreditation by the end of 2022 (calendar year).

In **New Zealand**, CV1 is a participating agency under the *Electronic Identity Verification Act 2012* which enabled it to integrate with RealMe, the digital identity service managed by the Department of Internal Affairs.⁸ CV1 is also the only private organisation approved by the NZ government to undertake children’s worker safety checks (see Annexure A - New Zealand).

We note that CV1 is expanding its offering in the identity verification market via its ‘Digital Credential Passport’ app. While CV1 will initially focus on its application to workforces, we expect it will also evaluate opportunities in adjacent sectors such as financial services in the medium-term.

For other checks, CV1 has relationships with the following key suppliers in Australia:

Exhibit 9: Key suppliers – other checks	
Check type	Supplier
Reference checking	Referoo and Xref Limited (ASX:XF1). We understand that these are CV1’s second to third most popular products and are high margin
VEVO / right to work searches	Department of Home Affairs
Bankruptcy searches	Australian Financial Security Authority (AFSA)
Traffic records	State and territory government police and transport departments
Medical checks	Jobfit Health Group
Qualifications (university, vocational, trade) / Professional memberships	Various educational institutions, RTOs, industry/trade bodies
Licences	Various government agencies (state, federal)
Credit default searches	Dun & Bradstreet
AML searches	Thompson Reuters
Business and financial services searches	SAI Global (owned by Intertek Group plc) for Australian Securities and Investments Commission (ASIC) searches; Australian Prudential Regulation Authority (APRA)
Global media searches	Factiva (Dow Jones)
Psychometric testing	Talegent
Source: CV1 announcements and websites	

Industry Overviews: RegTech Software, HRM Software, SaV

With Bright’s Cited SaaS offering, CV1 has moved from a SaV industry focus to the broader and larger RegTech solutions market. Components of the Cited SaaS offering also traverse the HR/workforce management software market. An overview of each of the RegTech software, HRM software, and SaV industries and their competitive dynamics is provided below.

A snapshot of key Australian employment market statistics is also included given CV1’s SaV offering is benefiting from its recent strength, and Australian employers are the Cited SaaS offering’s target market.

RegTech Software Industry

CV1 is now operating in the RegTech software segment of the RegTech market which is valued at US\$10.4 billion globally.⁹ Juniper Research estimates that the total RegTech solutions market will be worth US\$130 billion by 2025.¹⁰

⁷ Private sector organisations (such as CV1) and government agencies can apply for accreditation to demonstrate that their digital identity services are trusted, safe and secure and operate to the requisite standards. The TDIF accreditation process involves a combination of documentation, third-party evaluations by assessors and operational testing. See <https://www.digitalidentity.gov.au/tdif>.

⁸ RealMe allows persons with a verified digital ID to securely prove who they are online by validating that an identity exists and creating a link to the person claiming it. See <https://www.realme.govt.nz/where-to-use-realme/#employment>.

⁹ Source: CV1, ‘GlobalRegTech Market Report 2021’ – Research and Markets, ‘2020 State of GRC market’ - GRC 20/20 (August 2020).

¹⁰ Source: ‘RegTech: Market Opportunities, Challenges and Forecasts 2021-2025’ - Juniper Research.

Australian HR/Workforce Software Industry

While CV1 is seeking to position the Cited SaaS platform as a RegTech software offering, it also encompasses HR management software functionality.

Within the Australian HR software sector, there are platforms that focus on the provision of:

- **Payroll solutions** (employee pay, superannuation, tax payable, deductions, leave and other benefits).

Payroll software solutions are provided by specialist payroll software vendors as well as accounting, ERP and HR software vendors with payroll modules in their offerings.

- **HR management (HRM)** to support HR-related business processes. This is a broad category encompassing sub-categories of candidate search, recruitment, screening, onboarding, employee records and administration (credentials, licences, agreements, training, property/assets), access control, rostering/scheduling, time and attendance, expense management, learning and development, performance management and succession planning, workplace health and safety, employee engagement and well-being, and offboarding.

All businesses need to undertake some form of HR management including to comply with applicable federal, state and/or industry regulations. The desire for automation of these core administrative activities is a driver of HRM software uptake, as is the increased strategic importance of the HR function within organisations.

The Australian HRM software segment is fragmented. It encompasses:

- Global enterprise software providers including SAP via its SAP SuccessFactors offering* and Oracle's Human Capital Management, Peoplesoft and Taleo platforms.
- Many specialist providers which include products tailored by business size and nature (large, medium and small businesses; shift/roster-driven; and contingent workforces) and offering (e.g. applicant tracking system software for recruitment; health and safety).

Some of the key providers to the Australian market are Cognology*, Cornerstone, Saba Software's Halogen, SilkRoad, Workday*, EmploymentHero, ASX-listed ELMO (ELMO talent management and payroll services), ASX-listed ReadyTech (HR3 and ePayroll), ADP, Affinity, Attaché, Frontier Software, ASX-listed TechnologyOne*, Ascender, Aurion, PeopleStreme, PageUp*, ASX-listed IntelliHR, BambooHR, CultureAmp, ASX-listed LiveHire*, Pegasus, Humanforce, Camms, MyPassGlobal, ASX-listed Damstra, Safety Culture and ASX-listed RightCrowd.

** CV1's police check/SaV offerings have existing integrations with these HR software offerings.*

In order to satisfy their overall HR/workforce requirements, many organisations use several HRM software packages.

The three companies which appear to have the **closest offerings** to CV1's Cited SaaS platform are:

- **Pegasus:** A worker competency management software and services provider (including induction and learning management, supplier pre-qualification, site access and asset management) based in Newcastle with operations in Australia, UK, Europe and North America. Pegasus was founded in 1998 and its Australian clients include Visy Industries, Yancoal, BHP Coal, Ausgrid and Lendlease. Also see Recent investments/M&A: Australian-based workforce and risk management software section below.
- **Camms:** An integrated risk and performance (strategy, projects, people) management provider which offers 'Camms.Risk' within its product suite. Camms is Australian based but has expanded internationally with offices in Sri Lanka and the UK. Also see Recent investments/M&A: Australian-based workforce and risk management software section below.

- **MyPassGlobal:** Perth-based digital workforce management system designed to streamline safety and compliance in highly regulated industries which includes a skills and credentials passport for workers. Its clients include Woodside and Beach Energy, and it has an integration with National Crime Check for police checks.

In addition, we observe that: (1) **Certsy** (owned by SEEK) offers a free digital credential passport (to upload verified credentials of right to work, driver's licence, police check, AHPRA registration and working with children check) and the ability to include Certsy verifications in SEEK candidate profiles; and (2) **Oho** (dutyof.care Solutions Pty Ltd) offers an ongoing accreditation verification subscription service covering working with children (targeted at schools and organisations engaging child-related workers), NDIS and AHPRA accreditations.

Screening and Verification (SaV) Industry

Use of SaV by employers

A survey by HR Research Institute/Professional Background Screening Association (PBSA)¹¹ released in August 2021 found that 95% of employers with US locations conduct one or more types of employment background screening. However, only 79% of employers without US locations conduct one or more types of employment background screening.

The top-three reasons for conducting checks were found to be:

- To protect employees and customers;
- To improve the quality of hires; and
- To protect company reputation/brand.

The survey also found that:

- Only 19% of organisations worldwide conduct post-hiring background checks with criminal background screening being the most common type of recurring background check. This represents an increase from 2020 and 2019 when the survey found that 12% and 9% of US-based companies performed background checks annually or more regularly.
- When asked which areas of background screening they were considering expanding upon or starting to use, social media was the top selection worldwide.

Australia and New Zealand screening and verification (SaV) industry

Market size: In 2017, CV1 estimated that the Australian SaV market was worth ~\$350m per annum comprising:

- **Police checks:** \$180m (51% of the total) based on ~3.9m police checks per annum. Since then, the size of the market has further increased with ACIC reporting that it facilitated 6.20m checks in FY21, up 10% from 5.63m in FY20. The four-year average was 5.33m checks.
- **Employment screening:** \$110.3m (31%).
- **Rental history checks:** \$40m (11%).
- **Financial and business checks:** \$14.7m (4%).
- **Traffic checks:** \$5.8m (2%).

¹¹ See [pub.cfm \(thepbsa.org\)](https://pub.cfm (thepbsa.org))

PBSA is an international trade organisation established to represent the interests of companies offering background screening services and to promote industry ethics and performance standards. CV1 is a founding member of the APAC Council of PBSA.

For New Zealand, CV1 estimated that the police checks market size was ~\$18m in 2017 (based on 450,000 checks per annum). However, the NZ government's model for the provision of police checks differs from the models adopted in countries including Australia, the UK, Canada and Singapore (see overleaf).

Competitive dynamics: The Australian SaV industry is fragmented and competitive. There are a number of commercial providers of police and/or other SaV checks as well as some government-provided direct access/verification services.

National police checks: ACIC has currently accredited 52 entities (including CV1 and Bright) to provide police check services to businesses and consumers,¹² eight entities to provide services to businesses only, and seven entities for consumer services only. A further 34 entities (in aged care and not-for-profit) can provide police checks for their own staff only, while various government agencies are accredited to submit checks for individuals for their specific legislative, licensing or registration schemes. State police agencies also provide national police check services directly to the public.

The table below sets out the providers that we have identified as key competitors to CV1 in the police check market. ACIC is not currently assessing any new applications for accreditation.¹³

Exhibit 10: Key players in Australian police checks market

	Key accredited providers	Price including GST	Website	Comments
	CV Check Ltd	\$49.90	https://cvcheck.com/	Full SaV offering
	Bright People Technologies Pty Ltd	\$41.50	https://cited.com.au/	Full SaV offering for B2B as part of Cited offering
1	AIM Screening Pty Limited (t/a Sterling RISQ)	na	B2B offering	Global full SaV offering. Sterling is Nasdaq-listed. Also has National Crime Check brand (see below).
2	Australia Post	\$52.00	https://auspost.com.au/police-checks	Online or at post office. In B2B, Australia Post states that it managed over 110,000 police checks for employers in 2020.
3	Certsy Pty Ltd (100% SEEK)	\$49.50	https://certsy.com/	Founded in 2016 as a start-up within ASX-listed SEEK. Police checks and credentials validation services.
4	Checked Australia Pty Ltd	\$49.00	https://www.checked.com.au/	Police checks only. One-hour guarantee for lodgement into NCPS (not necessarily full turnaround of check).
5	Clear to Work Pty Ltd	\$41.00	https://check.clearwork.com.au/	Online training company also providing police checks.
6	Equifax Australasia Workforce Solutions Pty Limited	\$54.89	https://www.equifax.com.au/fit2work/	Full SaV offering branded 'fit2work'. Global firm - NYSE listed.
7	First Advantage Australia Pty Ltd	na	B2B offering	Global full SaV offering. Nasdaq-listed.
8	HireRight AU Pty Ltd/ People Check Pty Ltd	na	https://www.hireright.com/apac/ https://www.peoplecheck.com.au	Global full SaV offering. NYSE-listed.
9	InfoTrack Pty Limited	\$49.95	https://infotrackgo.com.au/	Offered in addition to its primary business services in law, real estate/e-conveyancing etc.
10	InterCheck Global Pty Ltd	\$49.90	https://www.intercheck.com.au/national-police-check/	Police and VEVO checks only.
11	National Crime Check Pty Ltd (Sterling Check Corp.)	\$49.90	https://www.nationalcrimecheck.com.au/	Australian SaV offering within global full SaV offering. Sterling is Nasdaq-listed. Also has Sterling RISQ brand (see above).
12	State police - e.g. Victoria Police	\$49.60	https://www.service.vic.gov.au/find-services/crime-and-the-law/apply-for-a-national-police-check	Police checks only.
13	Veritas Engineering Pty Ltd	\$53.00	https://www.veritascheck.com.au/	Police checks only.
14	Workpro	From \$47.90	https://www.workpro.com.au/	SaV offering.

Source: ACIC, company and government agency websites

In addition, estimated March-May 2022 website traffic from SimilarWeb provides some insight into current market share in the B2C segment. It indicates that cvcheck.com's unique visitor numbers were ~258.5k in March, ~198k in April and ~237.8k in May (with average visit duration of 4:50 minutes and bounce rate of 36% in May) which was the second highest in the police check/SaV segment behind National Crime Check

¹² See [Accredited bodies | Australian Criminal Intelligence Commission \(acic.gov.au\)](https://www.acic.gov.au/accredited-bodies).

¹³ See [National Police Checking Service | Australian Criminal Intelligence Commission \(acic.gov.au\)](https://www.acic.gov.au/national-police-checking-service).

with ~292.7k unique visitors in May (including referrals from Uber which is one of its B2B clients). The third highest was Checked Australia with ~74.7k.

AFP checks: These checks are available directly via the AFP website (\$42) or via commercial providers such as CV1. The AFP reported revenue from the provision of AFP checks of \$36m in FY21 (up 24% from \$29m in the pc), which provides an indication as to the size of this segment.

Non-police checks: In addition to the commercial firms listed in the table above which provide full SaV offerings, there are companies which specialise within other SaV market segments and have arrangements for integrations/cross-referrals with full-service SaV providers. For instance, Xref Limited (ASX:XF1) and Referoo are key players in the reference-checking segment (and both have integration arrangements with CV1).

Identity verification services: We highlight that the identity verification services segment of the SaV market is expected to experience strong growth (both domestically and internationally) driven by government initiatives, new digital service offerings from commercial providers, its broad industry applications (including background screening for employment, and consumer identification services for financial services and real estate), and consumer uptake of digital services.

There are currently 18 fully operational gateway service providers to the Federal Government's Document Verification System (DVS), including Bright, and another three that are approved.¹⁴

Applications are also open for commercial providers to seek accreditation as an identity provider under the Federal Government's TDIF – and CV1's application is on foot. Meanwhile, ASX-listed XF1 has launched its RapidID biometric identity verification solution for employee verification and other industry applications.

New Zealand: The New Zealand Ministry of Justice (MOJ) has adopted a different criminal check operating model [when compared to similar jurisdictions such as Australia, UK (Disclosure & Barring Service) and Singapore]. The MOJ allows individuals to request their own criminal record and traffic check free of charge (usually provided via email with an estimated turnaround of three days since May 2021 vs. four weeks via post previously). Individuals can then elect to provide these to an employer or other third parties. Organisations (employers, commercial providers such as CV1) can also register with the MOJ to access checks on behalf of others (at a cost of NZ\$9.56 per check since May 2021).¹⁵

CV1's SaV market share: CV1 recently disclosed that its market share of the Australian pre-employment SaV market is ~11.5%.

The following competitive forces influence CV1's market share in the Australian SaV market:

- **Product pricing:** Based on the above table, CV1's pricing for B2C police checks is competitive (at \$49.90 including GST), while Cited (for B2B) has the second-lowest advertised pricing in the market.
- **Turnaround time of SaV results:** CV1 is improving processes for various checks to reduce the turnaround times for submitting information to third parties and returning information to applicants upon receipt (e.g. via further AI, biometrics, 'Digital Credential Passport' app). However, CV1's external suppliers have a material influence on the turnarounds for most checks. Furthermore, its key supplier, ACIC, has equal access arrangements in place (i.e. no priority police check services are available).¹⁶

¹⁴ See [Become a Document Verification Service business user \(idmatch.gov.au\)](https://www.idmatch.gov.au/).

¹⁵ See [Contract-for-Online-Delivery-of-Criminal-Conviction-Histories-31May21.pdf \(justice.govt.nz\)](https://www.justice.govt.nz/contract-for-online-delivery-of-criminal-conviction-histories-31may21.pdf).

Prior to the introduction of free checks with ~three-day email turnaround in May 2021, MOJ entered into priority service agreements with some organisations (including CV1) which enabled them to provide expedited checks (within a few days rather than MOJ's previous four-week turnaround for free checks). These priority arrangements ceased in May 2021.

¹⁶ All accredited bodies have equal access to the NPCCS which completes ~70% of checks within minutes and provides the result back to the accredited body. The remaining 30% are referred to one or more police agencies for manual processing because a 'potential match' is found. The police agencies then assess the applicant's criminal and conviction information

- **Breadth and depth** of services. CV1 offers a wide range of checks.
- **Technical and systems performance** (including ability to integrate with other HR systems and applications), and ability to support specific requirements (such as white labelling for B2B customers). CV1 has offered a white-labelled platform to its large corporate customers since 2019.
- **User experience** of both businesses (HR/hiring staff) and their candidates/applicants, and individual/B2C applicants. The introduction of the 'Digital Credential Passport' app will offer candidates/applicants an enhanced user experience.
- **Customer relationship history**, especially for larger corporate customers.
- **Cybersecurity, privacy, and data protection**. CV1 is subject to audits under its agreements with government agencies including for compliance in these areas. It is also ISO 27001 (Information Security Management) certified.

Global SaV industry

Market size: Estimates and forecasts of the size of the global employment SaV market indicate that it was worth ~US\$5 billion in 2020 and is expected to grow to ~US\$10 billion over the next five years. More specifically:

- Allied Market Research estimates that the global employment screening services industry generated US\$4.95 billion in 2020 and is expected to increase to US\$9.92 billion by 2028, representing a compound annual growth rate (CAGR) of 9.2%.¹⁷

Of the 2020 total, criminal background checks accounted for nearly 33% (~US\$1.6 billion) and North America contributed over 40% of revenue. Verification services (checks of previous employment and education) are forecast to be the highest growth segment in the forecast period. North America is expected to remain the largest region in the forecast period, while the Asia-Pacific region is expected to demonstrate the strongest growth (11.4% CAGR).

- Reportlinker.com estimates that the global employment screening services market size was US\$5.48 billion in 2020 and was expected to have increased to US\$6.01 billion in 2021.¹⁸ It also predicted that the market would reach US\$9.77 billion by 2026, representing 10.1% CAGR.
- Research and Markets estimates that the market size of employment screening services in the Asia Pacific region was US\$955.23m in 2021 and that it is expected to reach US\$1.284 billion by 2028, representing 4.3% CAGR.¹⁹

The 2021 IPO (SEC S-1) documents for First Advantage Corp (NASDAQ:FA) and Sterling Check Corp (NASDAQ:STER) also included industry estimates which are summarised below. These are based on total addressable markets comprising current market spend plus 'whitespace' (i.e. products and solutions that may ultimately be adopted across geographies) and, in turn, are significantly higher than the abovementioned estimates.

- Based on research by Stax, FA estimates that its global total addressable market is ~US\$13 billion of which US\$6 billion is current market spend and US\$7 billion is 'whitespace'. The market estimate comprises:
 - US pre-employment screening: US\$5 billion.

(if applicable), and determine what information can be released, based on the purpose of the check and relevant spent convictions legislation.

¹⁷ Source: Allied Market Research press release dated 10 June 2021.

¹⁸ Source: Reportlinker.com press release dated 24 November 2021.

¹⁹ Source: ResearchAndMarkets.com press release dated 7 February 2022.

- US post-employment monitoring, resident screening, hiring tax credits, and fleet/vehicle solutions: US\$4 billion.
- International pre-employment screening and post-employment monitoring: \$4 billion

Stax has forecast a 6% CAGR in market spend over the long-term.

- Based on research by Acclaro Growth Partners and Markets and Markets, STER estimates that the total addressable market was US\$16 billion in 2020 (with North America accounting for 42% of the total), would be US\$18 billion in 2021 and is expected to grow at a 12% CAGR to \$29 billion in 2025. The market estimate comprises three components:

- **Global pre-employment screening services:** \$6 billion in 2021 and forecast to grow at a 7% CAGR to \$8 billion in 2025.
- **Global post-employment screening services market:** \$3 billion in 2021 and forecast to grow at a 13% CAGR to \$5 billion in 2025.
- **Global identity verification market:** US\$8 billion in 2021 and forecast to grow at a 16% CAGR to \$16 billion in 2025.

Competitive dynamics: Whilst the global SaV market is large and growing, it is also highly fragmented. In the US market alone, the US Consumer Financial Protection Bureau reported that the two largest companies accounted for 14% of the industry's revenue in 2019 (i.e. FA with 7.4% and STER with 6.6%).

As noted in the FA and STER IPO (S-1) filings, the global industry can be grouped into three categories:

- **Global providers:** There are three key global providers, namely FA, STER and HireRight (NYSE:HRT). Stax estimates that these three providers account for ~33% of the global market.

All three have operations in Australia.

- **Mid-tier/regional providers.** These are a number of providers offering services for particular geographic regions, industries or product lines. CV1 is a key example in Australia and New Zealand. In North America, mid-tier providers include Accurate Background, Checkr/GoodHire, ADP, Cision, Certiphi, DISA and Triton.
- **Small providers.** Given the US Consumer Financial Protection Bureau estimated that there were 1,954 background screening companies in the US in 2019, there would be several thousand small background screening players globally. A number of the smaller providers focus on providing services to SMEs and license their platforms from third parties.

Key SaV industry trends and demand drivers

The following key trends are driving SaV market demand both domestically and globally:

- **More complex workforces** including contingent and flexible workforces (i.e. freelancers, independent contractors, consultants, and other outsourced and non-permanent workers) which are increasingly required to be screened. In the US, ~25-30% of the workforce is contingent/flexible.
- **Legal, regulatory and compliance requirements** that are complex (with variations by geography, industry, and use case) and changing together with the prioritisation of broader ESG considerations by management and boards/governing bodies.
- **Direct and indirect costs and risks** (reputational, safety, property and compliance) associated with hiring workers that are not appropriately or legitimately credentialled or are high-risk.
- **Employment market dynamics** including increased job vacancies and job turnover/worker churn reflecting post COVID-19 hiring/re-hiring, the evolution of national and local economies and their resourcing needs, and workforce composition (for instance, millennials [>33% of US workforce] are three times as likely to change jobs as other generations).

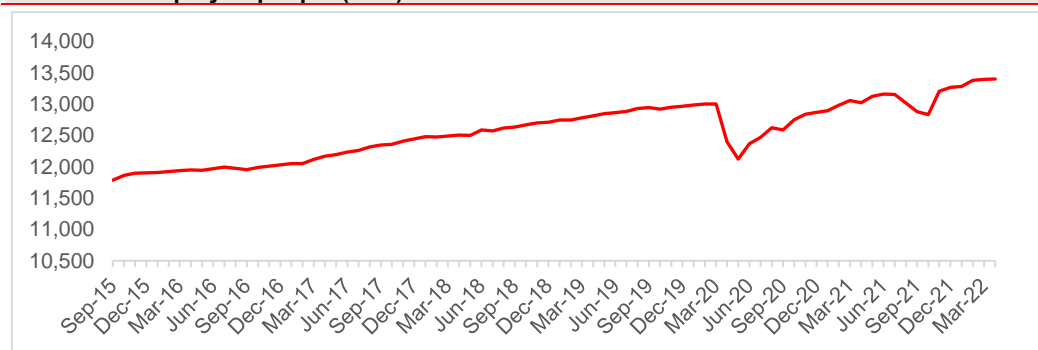
- **Post-onboarding screening** as businesses start to expand screening programmes beyond pre-onboarding measures.
- **Identity verification services** as government agencies implement digital initiatives and consumer digital services uptake rates increase.
- Increasing availability of **digital SaV solutions**.
- **Provision of insights from growing relevant data sources** as government agencies and third-party vendors are increasing and improving the quality and digitisation of data, and customers are seeking providers that can efficiently access and create insights from data sourced and aggregated from disparate sources.
- **Development of international markets** as background screening penetration remains low in many international markets.

Employment and jobs market – Australia and NZ

Statistics for employed people, filled jobs, job vacancies, job advertisements and job mobility provide an insight into the current level of high demand for CV1's SaV services given heightened employment, vacancies, job ads and job mobility translate into increased SaV services:

- **Employed people:** There were 13,401,700 employed people in Australia at 30 April 2022, up 2.9% (381,500) on the pc. ²⁰ In New Zealand, there were 2,826,000 employed people at 31 March 2022. ²¹

Exhibit 11: Employed people ('000)



Source: Australian Bureau of Statistics (ABS)

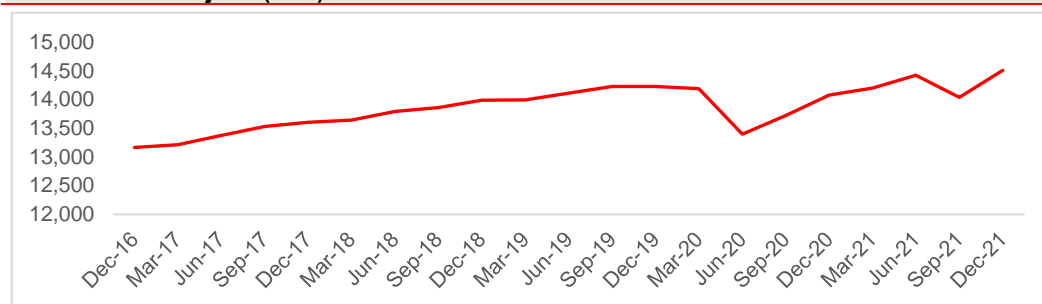
Meanwhile, the National Skills Commission projects employment will increase by 9.1% (1,176,200 people) over the five years to November 2026 with growth anticipated in almost every industry.

- **Filled jobs** (reported quarterly): At 31 December 2021, filled jobs had increased by 472,300 to 14.5 million jobs, up 3.1% on the pc. Multiple job holders also increased in the December 2021 quarter – by 13.1%.

²⁰ Source: Australian Bureau of Statistics (ABS). Including 2.4m people (19%) who are casual employees and 1.0m who are independent contractors (8%). Employed persons is not a measure of the number of jobs because employed persons can have multiple jobs and jobs can exist in the absence of an employed persons (referred to as 'vacant jobs').

²¹ Source: Stats NZ.

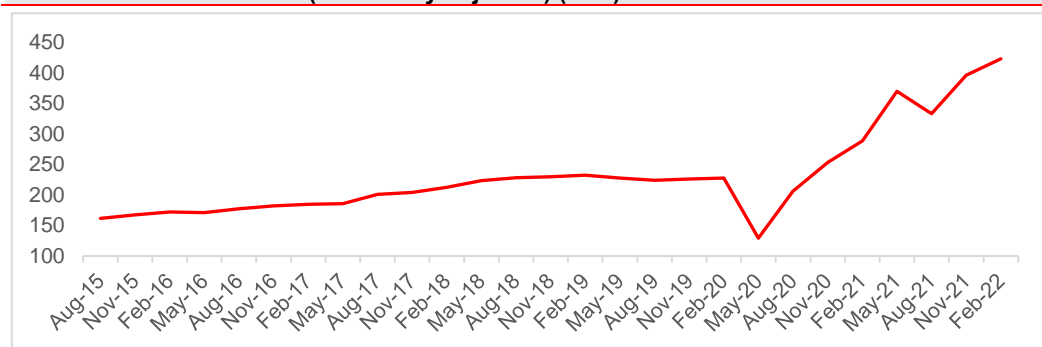
Exhibit 12: Filled jobs ('000)



Source: ABS

- **Job vacancies** (reported quarterly): ABS reported a record 423,000 job vacancies (seasonally adjusted) in February 2022, up 46.6% on the pcp and up 6.9% on November 2021.²²

Exhibit 13: Job vacancies (seasonally adjusted) ('000)



Source: ABS

- **Job advertisements:** There are three sources of data for job advertisements - ANZ's job advertisements series, the SEEK Employment Index Report and the National Skills Commission's monthly Internet Vacancy Index.²³

The latest ANZ Australian job ads data for May 2022 recorded 238,178 job ads (seasonally adjusted), up 17.3% on the pcp and up slightly (0.4%) compared to April 2022.²⁴ ANZ stated that the May 2022 data "remains close to the March peak, indicating significant unmet demand for labour."

SEEK reported a 25.6% year-on-year increase in national job ads posted on SEEK in May 2022 and a 2.1% increase from April 2022 ads.

The National Skills Commission's index for May 2022 reported 298,400 online job ads (seasonally adjusted) representing increases of 25.7% on the pcp and 0.9% on April 2022. The National Skills Commission stated that online job advertisement levels are currently at their highest level since June 2008, and "recruitment activity remains at significantly elevated levels."

- **Job mobility** (reported annually by ABS): 21% of employed persons (2.8m) started their current job in the year ending February 2022, up from 18% of employed persons (2.3m) in the pcp. We note that this figure (2.8m) can be considered to be somewhat of a **proxy for the current size of the Australian pre-employment SaV market.**

²² See [Job Vacancies Survey](#). Vacant jobs are defined as positions which are available for immediate filling and for which recruitment action has been undertaken.

²³ For further details see [Australian and New Zealand Banking Group \(ANZ\) Job Advertisement Series](#), [SEEK Employment Index Report](#) and [Internet Vacancy Index | National Skills Commission](#) respectively.

²⁴ See [Job ads and vacancies: parting company \(anz.com\)](#).

Of the 2.8m new job starters, 1.3m (or 9.5% of employed people) changed jobs while 1.6m entered or re-entered employment. This represented the highest annual job mobility/job change rate since 2012 with the highest rate for professionals (22% changed jobs). Meanwhile, the annual retrenchment rate was 1.5% (200k people), the lowest annual rate on record.

Financial Statement Analysis

Revenue Growth and Composition

CV1's current (FY22) revenue base is ~\$26m. In this section, we consider its recent revenue growth and composition from four perspectives, namely: (1) Organic vs acquisition (Bright); (2) Product line (criminal history checks, other checks/transactions, SaaS); (3) B2B vs B2C; and (4) Geographically - Australia vs New Zealand.

Organic vs acquisition growth

CV1 has experienced very strong year-on-year revenue growth of 83-84% in the past two half-years. This reflects a combination of:

- Growth in the existing CV1 business (up 59% in H2 FY21 and 43% in H1 FY22) as it benefited from the post-COVID resurgence in demand for pre-employment related SaV services; and
- The Bright acquisition which generated additional revenue growth of 24% and 42% in H2 FY21 and H1 FY22 respectively.

Our FY22 forecast of \$26.2m (up 50.2% on FY21) incorporates 26.9% organic growth and 23.3% acquisition growth (~nine months). Within this, H2 FY22f revenue growth is 27.7% comprising 15.0% organic growth and 12.8% acquisition growth (~three months). On a quarterly basis, it incorporates Q3 FY22 revenue of \$6.9m (per CV1's March 2022 quarterly activities report) and our Q4 FY22 revenue forecast of \$6.5m which reflects the increasingly demanding SaV comparables and some softening in SaV orders coinciding with the federal election in May.

Exhibit 14: Organic vs acquisition growth

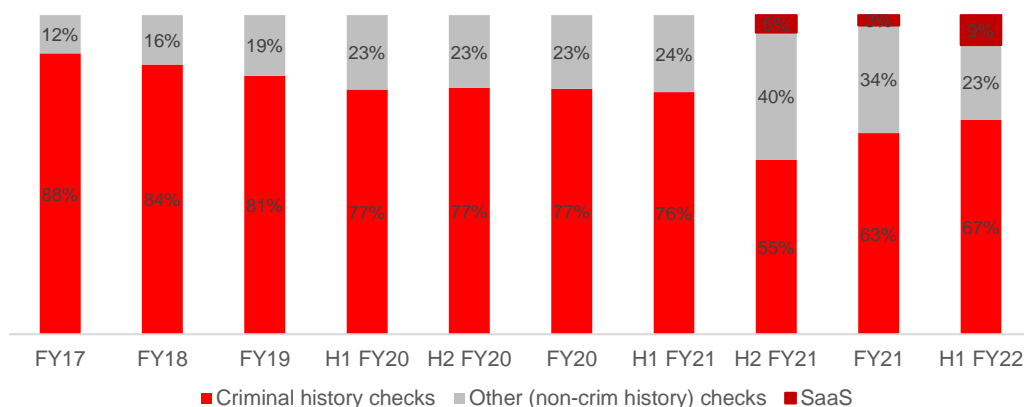
\$	FY18a	FY19a	FY20a	H1 FY21a	H2 FY21a	FY21a	H1 FY22a	H2 FY22f	FY22f
Total CV1 Revenue	12,517,024	12,363,970	12,367,466	6,956,295	10,520,789	17,477,084	12,809,282	13,437,736	26,247,018
Growth (%) on pcp	20.0%	(1.2%)	0.0%	5.1%	82.9%	41.3%	84.1%	27.7%	50.2%
Revenue - organic (ex-Bright acqn)					9,115,178	16,071,473	9,909,282*	10,479,553	20,388,835
Growth (%) on pcp - organic					58.5%	29.9%	42.5%*	15.0%	26.9%
Growth (%) on pcp - Bright acqn					24.4%	11.4%	41.7%*	12.8%	23.3%

Source: CV1 financial statements; RaaS forecasts and estimates; *RaaS estimates

Product lines – criminal history checks, other checks/products, SaaS

CV1 has disclosed the composition of its revenue by product line since FY17. Criminal history check revenue encompasses national police checks and AFP checks in Australia, criminal record and traffic checks in New Zealand, and international criminal record checks.

Exhibit 15: Product line revenue split



Source: CV1 financial statements and announcements

Criminal history checks accounted for 55% of total revenue in H2 FY21 and 67% in H1 FY22 (down from 76%-77% in FY19 and FY20) reflecting increased revenue from other checks via the B2B market and the skew of Bright's transactional revenue to other checks. Given NZ revenue is 70-75% other checks, it would have accounted for ~30% of FY21 other check revenue and ~40% in H1 FY22.

Nonetheless, the \$3.3m increase in H1 FY22 criminal history check revenue on the pc (also up \$2.9m on H2 FY21) is noteworthy and highlights the current strength of post-COVID hiring and employer demand for the criminal history check products.

SaaS revenue in H1 FY22 (first full half contribution from Bright) amounted to 9.4% of the total. However, if the SaaS model gains momentum as anticipated, the proportion of revenue derived from criminal history checks (via the CVCheck platform) is also expected to further diminish.

Exhibit 16: Revenue growth by product line (in A\$ unless otherwise stated)

Year ending June 30	FY18a	FY19a	FY20a	H1 FY21a	H2 FY21a	FY21a	H1 FY22a
Criminal history checks	10,573,569	10,014,816	9,511,634	5,278,396	5,746,285	11,024,681	8,600,827
Growth (%) on pc		(5.3%)	(5.0%)	4.0%	29.5%	15.9%	62.9%
Other (non-crim history) checks*	1,943,455	2,349,154	2,855,832	1,677,899	4,201,249	5,879,148	3,008,455
Growth (%) on pc		20.9%	21.6%	8.9%	219.6%	105.9%	79.3%
SaaS					573,255	573,255	1,200,000
Total CV1 Revenue	12,517,024	12,363,970	12,367,466	6,956,295	10,520,789	17,477,084	12,809,282

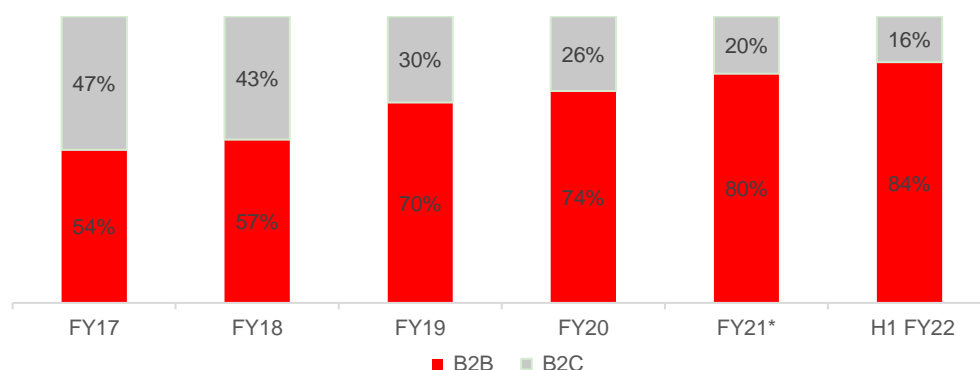
Source: CV1 financial statements; *Includes Bright revenue from travel and change orders transactions from Q4 FY21. In Q4 FY21 Bright's travel revenue was \$165k and change order revenue was \$13k.

B2B vs B2C

The chart below illustrates the diminution in the significance of the B2C component (which is predominantly from Australia) over the past five years from 47% of sales revenue in FY17 to only ~16% in H1 FY22 and the corresponding increase in B2B revenue to ~84%. This reflects CV1's increasing focus on the more profitable B2B market over the time frame and, more recently, the impact of the Bright acquisition and its entirely B2B client base. We expect the proportion of B2C will further decrease in the coming years (to 11% in FY23 and 9% in FY24) reflecting the ramp-up of SaaS sales to the B2B market.

In dollar terms, revenue from the B2C segment has declined from ~\$5m in FY17 to ~\$3.5m in FY21. We anticipate it will be \$3.5-\$4m for FY22 reflecting heightened demand arising from the hiring/employment market strength.

Exhibit 17: B2B vs B2C revenue split



Source: CV1 announcements; *RaaS estimate

Australia vs New Zealand

Australia is the dominant source of revenue accounting for 86% in FY21 and 87% in H1 FY22. It is likely to remain around these levels assuming that the Cited SaaS platform's growth includes a proportionate uptake by NZ customers.

The geographic segment figures also reveal that the Australian operations experienced small year-on-year revenue declines in both FY19 (reflecting reduced B2C marketing spend/progressive transition to higher margin B2B) and FY20 (COVID-19 slowdown) followed by significant growth in FY21 and H1 FY22 including 25%+ organic growth and the uplift from the Bright acquisition (since Q4 FY21).

Exhibit 18: Revenue growth – Australia only (in A\$ unless otherwise stated)

Year ending June 30	FY18a	FY19a	FY20a	FY21a	H1 FY22a
Revenue - Australia only	10,923,121	10,564,003	10,366,554	14,984,259	11,135,221
Growth (%) on pcp	15.7%	(3.3%)	(1.9%)	44.5%	90.5%
Revenue – Aust. organic (excl. Bright)				13,578,648	8,235,221*
Growth (%) on pcp				31.0%	24.5%*

Source: CV1 financial statements; *RaaS estimate

The revenue and earnings history of the NZ operation is set out in **Annexure A - New Zealand**.

Cost Composition and Outlook

CV1's current (FY22) total cost base is ~\$25m which incorporates the first full year of the Bright acquisition (cf. H1 FY22 cost base of \$12.1m).

Cost of sales / gross margin (64% FY22f)

CV1's cost of sales (~38% FY22f costs) predominantly comprises third-party supplier costs associated with acquiring the requisite information and data for delivery of SaV services.

CV1's gross margin has progressively improved over the past five years from 48% in FY17 to 59% in FY21 due to a combination of:

- The increasing proportion of revenue from other (non-criminal history) checks and transactions which are substantially higher gross margin products (estimated 70-75%) than criminal history checks (estimated 50% gross margin, reflecting CV1's competitive pricing and the ~\$23/check fee charged by ACIC); and
- Efficiency gains due to ongoing investment in the platform which has encompassed increased process automation and adoption of basic AI.

In H1 FY22, gross margins improved by eight percentage points on the pcp to 64%. This primarily reflects the uplift from Bright's high gross margins (~85%) which, in turn, is a function of its SaaS revenues and

transactional revenues skew to other (non-criminal history) checks and transactions (with ~40/60 split SaaS/transactional revenues).

Exhibit 19: Cost of sales / gross margins FY17-FY22 (in A\$ unless otherwise stated)										
Year ending June 30	FY17a	FY18a	FY19a	FY20a	H1 FY21a	H2 FY21a	FY21a	H1 FY22a	H2 FY22f	FY22f
Cost of sales	5,428,116	6,122,836	5,712,362	5,620,421	3,075,867	4,131,745	7,207,612	4,655,613	4,855,423	9,511,036
Gross margin	5,004,133	6,394,188	6,651,608	6,747,045	3,880,428	6,389,044	10,269,472	8,153,669	8,582,313	16,735,982
Gross margin %	48.0%	51.1%	53.8%	54.6%	55.8%	60.7%	58.8%	63.7%	63.9%	63.8%
Source: CV1 financial statements; RaaS forecasts										

Gross margin outlook: CV1 has indicated there is scope for further gross margin improvement from SaV workflow enhancement via AI, integrating some processes from Bright's tech stack (and vice versa), and introducing biometrics. In addition, we expect gross margin improvements will be driven by: (1) The increasing proportion of higher-margin Cited SaaS revenue; and (2) Information and data collection efficiencies as workers adopt the 'Digital Credential Passport' over the medium-term.

Our forecasts incorporate gross margins of 65.9% in FY23 and 68.5% in FY24.

Operating costs

CV1's operating cost base was \$9.3m in FY21 (excluding costs associated with the Bright acquisition and share-based payments) and will increase to \$15m in FY22 on our forecasts. This primarily reflects inclusion of Bright's post-acquisition cost base for the full year (vs. ~three months in FY21).

Employee and director benefits expenses (\$10.2m / 40% of FY22f costs/ 39% of revenue): Staff expenses are CV1's most significant operating expense and are forecast to amount to \$10.2m in FY22 (up from \$6.4m in FY21) after including the full-year cost of Bright's ~30 FTEs.

We understand that CV1 has 80-85 FTEs comprising ~30 FTEs from Bright and 50-55 FTEs from the existing CV1 operations.²⁵ As abovementioned, we understand that additional salespeople and customer service staff will be recruited in FY23/FY24 to support the Cited SaaS sales programme. We expect this will add ~10 staff.

Our FY23 and FY24 employee expense forecasts of \$12.8m and \$14.7m respectively reflect the additional sales and customer service staff and wage inflation.

Marketing expenses (\$2.2m / 9% of FY22f costs/ 8.3% of revenue): Marketing expenses have been running at 6%-7% of revenue in FY21 and H1 FY22. We expect spend will remain around these levels into FY23 and FY24. CV1's focus is B2B marketing and it is currently directing increased resources into marketing the Cited SaaS product, especially in targeted verticals such as health and aged care.

IT expenses (\$1.3m / 5% of FY22f costs/ 5% of revenue): IT accounts for 5% of total costs and includes:

- Costs associated with its cloud-based platforms and data/encrypted information storage at Microsoft Azure data centres located in Australia; and
- Non-capitalised IT/website development costs.

Other expenses (\$1.7m / 8% of FY22f costs/ 6% of revenue): This incorporates office/occupancy (~\$350k), professional and legal costs (~\$350k), and other costs (~\$1m including non-IT expenses associated with new initiatives such as the 'Digital Credential Passport' app and the Bright integration in H1 FY22).

Share-based payments expenses (\$410k): FY22 share-based payments expenses are expected to amount to \$410k of which \$378k was recorded in H1 relating to the valuation of the 6m director performance rights and 6m CEO performance shares.

²⁵ Vs. ~45 in FY20 and ~48 in FY21 per CV1's Jobkeeper payments disclosure (\$261k in FY20 and \$471k in FY21).

EBITDA

CV1 reported its first year of positive EBITDA in FY21 – albeit a small \$242k. This followed EBITDA losses of \$362k in FY20 due to the COVID-19 related slowdown and \$540k in FY19.

Reported FY21 EBITDA included \$733k in non-ongoing costs related to the Bright acquisition and \$571k of share-based payment expenses which was partially offset by \$504k in other income (COVID-19 assistance). Adjusting for these items, FY21 EBITDA would be higher at \$1.0m.

Exhibit 20: EBITDA FY17-FY22 (in A\$ unless otherwise stated)										
Year ending June 30	FY17a	FY18a	FY19a	FY20a	H1 FY21a	H2 FY21a	FY21a	H1 FY22a	H2 FY22f	FY22f
EBITDA - reported	(3,561,348)	(1,885,115)	(539,557)	(376,314)	575,921	(333,783)	242,138	706,482	275,253	981,735
Includes:										
COVID-19 gov't assistance	-	-	-	503,339	630,720	(126,414)	504,306	-	-	-
Share-based payment expense	(42,993)	-	(194,381)	(18,559)	(18,578)	(552,471)	(571,049)	(378,712)	(30,814)	(409,526)
Acquisition-related costs						(733,082)	(733,082)	(349,968)*	-	(349,968)*
Total	(42,993)	-	(194,381)	484,780	612,142	(1,411,967)	(799,825)	(728,680)	(30,814)	(759,494)
EBITDA - adjusted	(3,518,355)	(1,885,115)	(345,176)	(861,094)	(36,221)	1,078,184	1,041,963	1,435,162	306,067	1,741,229

Source: CV1 financial statements; RaaS forecasts and analysis; *Accrued salaries assumed by CV1 as part of Bright acq'n

H1 FY22 reported EBITDA was \$706k (including a \$379k share-based payment expense and \$349k of Bright acquisition-related costs).

Our FY22 EBITDA forecast is \$1.0m (including ~\$52k of R&D rebate income, \$410k share-based payment expenses and H1 FY22 expensed acquisition-related costs) which incorporates a \$275k contribution in H2 FY22. The operating leverage from the focus on SaaS sales is expected to start to become evident in FY24 (\$5.2m EBITDA forecast) after higher staffing/operating costs somewhat offset revenue growth in FY23 (\$2.4m EBITDA forecast).

Geographic split: CV1 also discloses EBITDA by geographic segment. NZ has reported positive EBITDA each year since acquisition including \$535k in FY21 (21.5% margin) and \$610k in H1 FY22 (36.5% margin). This has been offset by negative Australian EBITDA each year (noting that it carries corporate overheads) – although the Australian operation has reported a few EBITDA positive halves, namely in H2 FY19 (\$40k), H1 FY21 (\$391k) and H1 FY22 (\$96k).

Other P&L items

Other income: In FY20 and FY21, CV1 reported one-off income from COVID-19 related government grant and incentive payments of \$504k and \$503k respectively. This encompassed JobKeeper payments (CV1 received \$732k over FY20/FY21), cashflow boost payments, payroll tax refunds and the NZ wages subsidy.

Depreciation and amortisation (D&A): In H1 FY21, CV1 reported sizeable D&A expense of \$1.3m (up from \$0.6m in the pcp) attributable to: (1) The capitalisation of website/technology development; and (2) Bright's \$10.1m of identifiable intangible assets (software, and customer contracts and relationships) upon acquisition. Our FY22 forecast D&A is \$2.4m (with \$2.2m of amortisation and \$0.2m of depreciation).

More specifically:

- Website/tech development amortisation was \$0.7m in FY20 and FY21 reflecting \$900k-\$1m of capitalised annual spend and a 2.5-year straight line amortisation. Our forecasts include amortisation of \$1.0m in FY22 arising from higher capitalised spend (see below).
- Bright's software and customer contracts and relationships are being straight-line amortised over four-nine years and nine years respectively. Our FY22 forecasts include \$1.2m of amortisation for these items.

Net interest: CV1's net interest is minimal and reflects interest on its ~\$12 million cash balance.

Tax: CV1 has reported a P&L income tax benefit in recent years - \$37k in FY21 and \$214k in FY20. These figures include its R&D tax refund (for expensed items) of \$156k in FY21 and \$214k in FY20. The refund for FY22 is a lesser \$52k (received in Q3 FY22 for FY21 claims). Given CV1's annual revenue now exceeds \$20m, it will be ineligible to claim R&D tax rebates from FY23.

We also note that CV1 had an **unrecognised deferred tax asset** of \$4.0m at 30 June 2021 attributable to carried forward tax losses. We anticipate these will be able to be progressively utilised as CV1 starts to generate taxable income. However, it is paying a small amount of income tax for the profitable NZ operations (\$147k in H1 FY22).

Net loss/profit and NPATA (Bright acquisition amortisation adjusted): CV1's reported net losses of \$1.0m in FY21 and \$0.6m in H1 FY22. Our forecasts reflect net losses of \$1.5m in FY22 and \$0.4m in FY23 before moving to a \$2.2m profit in FY24.

Excluding the sizeable amortisation of the Bright acquisition identifiable intangibles (but not the amortisation of CV1's ongoing capitalised development spend), our forecasts (NPATA) are a loss of \$0.3m for FY22, and profits of \$0.8m for FY23 and \$3.4m for FY24.

Key cashflow statement items

Payment for intangible assets (capitalised development costs - website/tech): Over the past 10 years, CV1 has spent ~\$7.0m on capitalised website/tech development costs including \$1.0m in FY20, \$0.9m in FY21 and \$1.1m in H1 FY21. Our forecasts include \$2.3m in FY22 (equating to 8.7% of sales) with similar levels for FY23 and FY24 in light of the expanded Bright/CV1 tech stack. FY22 and FY23 spend includes 'Digital Credential Passport' development, process/AI-related and functionality enhancements (especially for Cited), and new offerings such as biometrics.

R&D tax rebates (operating and investing cash receipts): Over the five years to FY21, CV1's cashflows benefited from R&D tax rebate receipts for expensed and capitalised R&D amounting to ~\$600k pa. As noted above, CV1's final receipt in FY22 was minimal (\$54k).

Free cashflow: The majority of CV1's forecast net operating cashflow is expected to be utilised for capitalised development spend, leaving free cashflow of \$0.1m in FY23 and \$2.6m in FY24. In turn, the cash balance is \$12.4m at 30 June 2023, increasing to \$15.0m at 30 June 2024 on our forecasts.

Quarterly cashflow statements

The table below summarises CV1's quarterly cashflows for the seven quarters spanning FY21 to Q3 FY22 together with disclosed quarterly revenue figures. CV1 has reported positive operating cashflow in each of these seven quarters. It has also generated positive free cashflow in five of these seven quarters.

Net operating cashflow for FY22 to date is \$2.1m, while free cashflow is \$241k, reflecting the sizeable capitalised technology development spend.

Exhibit 21: Quarterly cashflow statements (in \$A unless otherwise stated)

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	FY22 YTD
Revenue	3,400,000	3,500,000	4,200,000	6,400,000	6,300,000	6,500,000	6,900,000	19,700,000
Cash flows								
Operating activities								
Receipts from customers	3,406,000	3,599,000	3,624,000	6,329,000	6,106,000	8,259,000	7,321,000	21,686,000
Product mfg and operating costs	(1,670,000)	(1,559,000)	(1,476,000)	(1,857,000)	(2,831,000)	(3,158,000)**	(3,226,000)	(9,215,000)
Advertising and marketing	(234,000)	(201,000)	(255,000)	(454,000)	(314,000)	(476,000)	(621,000)	(1,411,000)
Staff costs	(1,156,000)	(1,257,000)	(1,106,000)	(2,680,000)	(1,913,000)	(2,624,000)**	(2,200,000)	(6,737,000)
Administration and corporate costs	(324,000)	(231,000)	(332,000)	(348,000)	(568,000)	(770,000)	(466,000)	(1,804,000)
Gross operating cashflow	22,000	351,000	455,000	990,000	480,000	1,231,000	808,000	2,519,000
Net interest	4,000	4,000	12,000	14,000	7,000	(1,000)	34,000	40,000
Tax payments				(17,000)	(104,000)	(43,000)	(41,000)	(188,000)
R&D rebate and govt. grants (COVID)	694,000	130,000	3,000				54,000	54,000
Other	(226,000)	(252,000)	(330,000)	(402,000)	(350,000)#			(350,000)
Net operating cashflow	494,000	233,000	140,000	585,000	33,000	1,187,000	855,000	2,075,000
Investing activities								
Capital expenditure	(14,000)		(19,000)	(13,000)		(27,000)	(99,000)	(126,000)
Capitalised tech dev spend	(215,000)	(221,000)	(221,000)	(221,000)	(575,000)	(509,000)	(624,000)	(1,708,000)
Proceeds from rental bond							287,000	287,000
Acquisition - Bright			(235,000)	(2,301,000)	(34,000)	(546,000)	(116,000)	(696,000)
R&D tax refund	302,000							
Net investing cashflow	73,000	(221,000)	(475,000)	(2,535,000)	(609,000)	(1,082,000)	(552,000)	(2,243,000)
Financing activities								
Issue of securities (net of costs)			9,875,000	100,000		51,000		51,000
Repayment of borrowings						(137,000)		(137,000)
Other financing cashflows*					(84,000)	(104,000)	(111,000)	(299,000)
Net Financing cashflow	-	-	9,875,000	100,000	(84,000)	(190,000)	(111,000)	(385,000)
Exchange rate adjustment	(20,000)	7,000	20,000	2,000	13,000	(4,000)	(23,000)	(14,000)
Net change in cash	547,000	19,000	9,560,000	(1,848,000)	(647,000)	(89,000)	169,000	(621,000)
Net cash at end of period	5,175,000	5,194,000	14,754,000	12,906,000	12,259,000	12,170,000	12,339,000	12,339,000
Free cashflow	265,000	12,000	(100,000)	351,000	(542,000)	651,000	132,000	241,000

Source: CV1 ASX quarterly reports, RaaS; * Lease principal repayments and insurance premiums;

** Difference vs. Appendix 4C due to \$507k subsequent reclassification between these line items (per YTD in March 2022 Appendix 4C);

Bright acquisition-related payment for accrued salaries assumed by CV1 as part of the acquisition.

Balance sheet

We note the following key features of CV1's balance sheet:

- **Cash/net cash:** CV1 had cash (and net cash) of \$12.3m at 31 March 2022, up marginally from \$12.2m at 31 December 2021.
- **Net current assets** amounted to \$10.2m at 31 December 2021 (or \$11.2m adjusting for unearned revenue).
- **Trade and other receivables** were \$2.9m at 31 December 2021 (unchanged from 30 June 2021). Trade receivables accounted for \$2.8m of the 30 June 2021 balance (36 days receivable/10% of FY21 sales).
- **Plant and equipment** is minimal at \$238k.
- **Identifiable intangibles** amounted to \$11.2m at 31 December 2021 and 30 June 2021, with the June balance comprising \$1.4m of capitalised website development costs and \$9.9m of intangible assets acquired via the Bright acquisition split into: (1) Software (\$7.2m); and (2) Customer contracts (\$1.0m), and customer relationships (\$1.7m).
- **Goodwill** of \$4.7m at 31 December 2021 and 30 June 2021 comprising: (1) \$3.3m relating to the Bright acquisition; and (2) \$1.3m for the NZ business (July 2016 acquisition).
- **Trade and other payables** of \$3.6m at 31 December 2021 was down slightly from \$3.8m at 30 June 2021. The 30 June figure comprised \$1.1m of trade payables, \$1.0m of other payables, and \$1.7m of accrued expenses (including \$663k of final working capital adjustment payments for Bright paid in the December half).

- **Contract liabilities/unearned revenue:** \$992k of liabilities were reported at 31 December 2021 (up from \$648k at 30 June 2021). The 30 June figure reflected unearned revenue and equated to 3.7% of CV1's FY21 revenue.
- **Equity/net assets (\$26m):** CV1's issued capital of \$48m includes: (1) Capital raisings of ~\$40 million (before costs) since incorporation, including ~\$25m since its IPO in September 2016, \$9.9m at IPO and ~\$5m in seed capital (see **Annexure C** - Capital Raising History for details); and (2) \$10.2m scrip consideration for the Bright acquisition. Accumulated losses totalled \$22.4m at 31 December 2021.

Capital Structure

CV1 currently has 434,232,370 shares on issue. In addition, there are a total of 7.187m unlisted options and 6.0m performance rights on issue. Michael Ivanchenko (CEO) is also eligible to receive 6.0m shares if the requisite performance and vesting requirements are satisfied. If all of the options, performance rights and performance shares vest and are converted into shares (upon exercise or conversion as applicable), CV1's shares on issue would increase by 4.4% to 453,419,330. Full details are set out in the table below.

It is noted that:

- Satisfaction of the vesting conditions for the 6.0m directors' performance rights requires significant share price appreciation (\$0.30 10-day VWAP by 17 December 2023 vs. \$0.105 currently) and inclusion in the S&P/ASX Technology Index.²⁶
- The share price hurdle(s) for the vesting of the CEO performance shares have not been disclosed.

Given the unlisted securities are all currently either out-of-money or subject to unsatisfied vesting conditions, our forecasts do not include any dilutive impact from unlisted securities.

Exhibit 22: Unlisted securities

Class	Number	Exercise price	Expiry date	Vested/not vested	In-the-money?	Holder(s)
Unlisted options						
CV1AL	514,800	\$0.22	11/05/2023	Yes	No	Related party of Rod Sherwood (former Executive Director and CEO) Issued as part of remuneration package
CV1AN	1,875,864	\$0.00	17/12/2023	No Vesting conditions not disclosed	Yes (ZEPOs)	Four KMP under the Employee Incentive Option Plan (Jason Margach, Declan Hoare, Petra Nelson and Craig Sharp: 468,996 each)
CV1AO	296,296	\$0.00	28/01/2024	No Vesting conditions not disclosed	Yes (ZEPOs)	Issued to an employee under the Employee Incentive Option Plan
CV1AM	4,500,000	\$0.37	18/02/2024	Yes	No	Shaw Stockbroking (2.25m) and Ashanti Capital (2.25m) Issued as part payment of joint lead manager fees for February 2021 placement
Total options	7,186,960					
Performance rights	6,000,000	\$0.00	17/12/2023	No Three vesting conditions: • Share price: 10-day VWAP of ≥ \$0.30; • Inclusion in S&P/ASX Technology Index (XTX); and • Continuation of directorship to 17 December 2022.	Yes (zero price)	CV1's four directors with 3.0m held by Ivan Gustavino (Chair) and 1.0m by each of George Cameron-Dow, Oliver Stewart, and Jon Birman
Performance shares	6,000,000	\$0.00	Sept/Oct 2024	No Share price-based vesting condition(s) – not disclosed	Yes (zero price)	Michael Ivanchenko (CEO)
Total unlisted securities	19,186,960					
Fully diluted shares*	453,419,330					
% inc. vs current	4.4%					

Source: CV1 ASX announcements; RaaS analysis; *Assuming all unlisted securities vest and are exercised/converted.

²⁶ See [ASX All Technology Index](#) for the current requirements for inclusion.

P&L Forecasts

A summary of our P&L forecasts is set out below.

Exhibit 23: P&L forecasts (in A\$m unless otherwise stated)				
	FY21a	FY22f	FY23f	FY24f
Transactional revenue (SaV and Bright)	16.9	23.8	24.8	24.7
SaaS revenue	0.6	2.4	5.7	12.4
Total sales revenue	17.5	26.2	30.5	37.1
<i>Growth (%) on pcp</i>	<i>41.3%</i>	<i>50.2%</i>	<i>16.0%</i>	<i>21.8%</i>
Cost of sales	(7.2)	(9.5)	(10.4)	(11.7)
Gross margin	10.3	16.7	20.1	25.4
<i>Gross margin %</i>	<i>58.8%</i>	<i>63.8%</i>	<i>65.9%</i>	<i>68.5%</i>
Operating costs				
- Employment costs	(6.4)	(10.2)	(12.8)	(14.9)
- Marketing expenses	(1.1)	(2.2)	(2.2)	(2.3)
- IT/website expenses	(0.6)	(1.3)	(1.4)	(1.6)
- Other expenses	(1.8)	(1.7)	(1.2)	(1.4)
- Share-based payment expenses	(0.6)	(0.4)	0.0	0.0
Total operating costs	(10.5)	(15.8)	(17.7)	(20.2)
Other income	0.5	0.0	0.0	0.0
EBITDA	0.2	1.0	2.4	5.2
<i>EBITDA margin %</i>	<i>1.4%</i>	<i>3.7%</i>	<i>8.0%</i>	<i>14.0%</i>
Depreciation	(0.3)	(0.2)	(0.2)	(0.1)
Amortisation (capitalised dev.)	(0.7)	(1.0)	(1.6)	(1.9)
Amortisation (Bright intangibles)	(0.3)	(1.2)	(1.2)	(1.2)
Total D&A	(1.3)	(2.4)	(3.0)	(3.2)
EBIT	(1.1)	(1.5)	(0.5)	2.0
Net interest	0.0	0.0	0.2	0.2
Net profit/(loss) before tax	(1.0)	(1.5)	(0.4)	2.2
Income tax expense	0.0	(0.0)	0.0	0.0
Net profit/(loss) after tax	(1.0)	(1.5)	(0.4)	2.2
NPATA (Bright intangibles amort. only)	(0.7)	(0.3)	0.8	3.4

Source: CV1 financial statements; RaaS forecasts

It reflects the following key assumptions:

- **SaaS revenue growth** (per SaaS revenue scenarios and): (1) Employers with a total of 23,000 workers subscribe to Cited over the course of FY23 followed by 40,000 in FY24 at an average monthly fee per worker of \$15; (2) The existing annual SaaS revenue base of ~\$2.5m is maintained via renewals/upsell; and (3) \$350k pa from the Hireup agreement.
- **Flattish transactional/SaV revenue**: This reflects a combination of: (1) Declining Bright transactional revenue as Cited's existing customers transition to the new pricing model; and (2) 3-5% pa growth for CVCheck platform SaV revenue reflecting tougher year-on-year comparables, loss of SaV revenue from customers migrating to Cited, and our adoption of a cautious view of the employment market reflecting heightened uncertainty regarding the economic outlook.
- **Improving gross margins**: The increases from 63.8% in FY22 to 65.9% in FY23 and 68.5% in FY24 reflect the increasing proportion of higher-margin Cited SaaS revenue and enhanced workflows in the SaV operations.
- **Operating costs**: The key forecast increase is employee expenses reflecting the addition of ~10 sales and customer service staff and wage inflation.
- **High amortisation expense** reflecting significant recent and forecast capitalised development spend and the acquired Bright identifiable intangible assets.
- Interest on the \$12m cash balance and initial utilisation of tax losses in FY24.

Upside SaV/transactional revenue: We note that two US pureplay SaV companies, First Advantage (FA) and Sterling Risk Corp (STER), expect their medium-term organic growth rates to be 8-11% reflecting SaV market tailwinds (see US listed pureplay SaV companies below). If CV1's SaV/transactional revenue is more robust

than anticipated at 10% pa in FY23 and FY24, total revenue would amount to \$31.9m (up \$1.5m on base forecast) and \$41m (up \$4.1m on base forecast) respectively.

Material and sustained employment market downturn scenario: Arguably some insight into the impact of a material and sustained employment market downturn on the SaV/CVCheck platform can be gleaned from CV1's revenue trends during the initial height of the COVID-19 pandemic (between March and July 2020) and its accompanying redundancies and hiring freezes.

During this time, CV1's revenue ranged from \$150k-\$200k/week from late March to end May, and \$200k-\$300k/week in June and July (cf. estimated average ~\$425k/week for FY22 to date). Q4 (June) FY20 revenue was \$2.4m. Applying these metrics, revenue from the CVCheck platform could decline to \$11m-\$13m per annum in a worst-case scenario (vs \$16m in FY21 and \$20m for FY22f).

Given SaaS platform fees are charged on a per-worker basis, hiring freezes or redundancies by these customers would reduce revenue per account for this revenue stream. A 20% decline in forecast worker numbers in FY23 and FY24 would reduce our forecast SaaS revenue by \$0.6m (to \$5.1m) and \$1.9m (to \$10.5m) respectively. In a worst-case scenario where a material and sustained downturn also impeded employer uptake of the SaaS platform, SaaS revenue may only modestly increase from FY22 levels to ~\$3-4m.

In aggregate (including Bright/Cited transactional fees of ~\$3m), a worst-case scenario revenue range is \$19m-\$21m (vs. \$26.2m FY22f).

Valuation – Listed Peer Comparisons

This section identifies CV1's listed peers and provides relevant valuation metrics for: (1) ASX-listed peers; (2) The three recently listed global pureplay SaV peers; and (3) Global non-pureplay SaV listed peers.

ASX-listed Peers and Trading Multiples

We have identified 14 ASX-listed companies that we consider to be CV1's key peers from a relative valuation perspective. These companies operate in the HR and workforce technology sector or the RegTech sector. They are listed in descending order starting with the closest peers (XF1 and IHR) based on our view of their relative offerings. It is noted that the respective revenue bases of the two closest peers are smaller than CV1 (\$15m for XF1 and \$4m for IHR vs. \$26m for CV1).

The EV/Revenue metrics for FY21, FY22f and FY23f are set out in the first table below. The second table provides EV/EBITDA metrics for seven companies (noting that the others are not EBITDA positive and/or forecast data is not available).

CV1 is currently trading at a **discount of 56%** to the average of its peers based on EV/Revenue for FY22f. The discount is more pronounced relative to its two closest peers, XF1 and IHR, at 73% and 72% respectively.

On FY23f EV/Revenue, CV1 is trading at a **44% discount** to its peers (based on the six companies with available FY23f forecast data).

Exhibit 24: ASX-listed peers – EV/Revenue trading multiples

Name	ASX code	Share price	Market cap. (\$m)	Net debt/ (cash) (\$m)*	EV (\$m)	Revenue - FY21a (\$m)	Revenue - FY22f** (\$m)	Revenue - FY23f (\$m)	EV/Rev - FY21a (x)	EV/Rev - FY22f (x)	EV/Rev - FY23f (x)
CV Check Ltd	CV1	0.105	45.6	(12.3)	33.3	17.5	26.2	30.5	1.9	1.3	1.1
Xref Ltd	XF1	\$0.42	78.3	(5.9)	72.4	12.6	15.3	na	5.8	4.7	na
Intellihr Ltd	IHR	\$0.08	27.3	(7.8)	19.5	2.5	4.3	na	7.9	4.6	na
ELMO Software Ltd	ELO	\$3.01	273.0	(17.9)	255.1	69.0	95.1	121.3	3.7	2.7	2.1
Readytech Ltd	RDY	\$2.68	288.6	26.2	314.8	50.0	75.2	88.4	6.3	4.2	3.6
KYCKR Ltd	KYK	\$0.05	28.7	(8.4)	20.3	2.7	3.5	na	7.5	5.8	na
Damstra Hldgs Limited	DTC	\$0.10	24.6	(1.9)	22.7	27.0	31.4	37.0	0.8	0.7	0.6
Identiti Ltd	ID8	\$0.05	10.1	(6.6)	3.5	1.4	1.7	na	2.5	2.0	na
Rightcrowd Ltd	RCW	\$0.06	14.5	(6.9)	7.6	15.2	15.5	na	0.5	0.5	na
PayGroup Ltd***	PYG	\$0.36	42.8	(6.2)	36.7	15.6	26.2	na	2.3	1.4	na
LiveTiles Ltd	LVT	\$0.05	49.2	(9.8)	39.4	45.0	57.2	68.2	0.9	0.7	0.6
Knosys Ltd	KNO	\$0.08	17.0	(2.8)	14.2	4.6	9.0	na	3.1	1.6	na
LiveHire Ltd	LVH	\$0.28	83.8	(9.3)	74.5	5.5	8.9	17.7	13.5	8.4	4.2
AD1 Holdings Ltd	AD1	\$0.01	9.5	2.0	11.5	5.3	6.0	na	2.2	1.9	na
Schrole Group Ltd#	SCL	\$0.30	10.5	(4.1)	6.4	5.3	7.1	8.9	1.2	0.9	0.7
Average									4.2	2.9	2.0
CV1 vs. average									(54%)	(56%)	(44%)
CV1 vs. ave (excl LVH)									(45%)	(48%)	(28%)
CV1 vs. XF1									(67%)	(73%)	na
CV1 vs. IHR									(76%)	(72%)	na

Source: Company ASX announcements; Refinitiv Eikon; RaaS estimates. Prices as at 10 June 2022;

*Net debt/(cash) at 31 March 2022 or 31 December 2021; **For companies with no available forecast data, H1 FY22 revenue has been annualised to provide a proxy for a full-year estimate; ***31 March balance date, FY22 actuals; #31 December balance date.

Exhibit 25: ASX-listed peers – EV/EBITDA trading multiples

Name	ASX code	Share price	Market cap. (\$m)	Net debt/ (cash) (\$m)*	EV (\$m)	EBITDA - FY21a (\$m)	EBITDA - FY22f (\$m)	EBITDA - FY23f (\$m)	EV/EBITDA - FY21a (x)	EV/EBITDA - FY22f (x)	EV/EBITDA - FY23f (x)
CV Check Ltd	CV1	0.105	45.6	(12.3)	33.3	0.2	1.0	2.4	137.4	33.9	13.7
Xref Ltd	XF1	\$0.42	78.3	(5.9)	72.4	1.0	na	na	69.6	na	na
ELMO Software Ltd	ELO	\$3.01	273.0	(17.9)	255.1	0.4	2.8	12.4	622.2	91.8	20.6
Readytech Ltd	RDY	\$2.68	288.6	26.2	314.8	18.9	27.4	32.4	16.7	11.5	9.7
Damstra Hldgs Limited	DTC	\$0.10	24.6	(1.9)	22.7	6.6	2.3	5.8	3.4	9.8	3.9
PayGroup Ltd**	PYG	\$0.36	42.8	(6.2)	36.7	1.6	1.5	na	22.9	24.4	na
LiveTiles Ltd	LVT	\$0.05	49.2	(9.8)	39.4	1.1	3.3	5.2	34.9	12.1	7.6
Schrole Group Ltd#	SCL	\$0.30	10.5	(4.1)	6.4	(0.6)	0.7	1.7	nm	9.2	3.8
Average									95.8	23.8	9.1
Average (exc ELO)									29.5	13.4	6.3
CV1 vs. average									43%	42%	50%

Source: Company ASX announcements; Refinitiv Eikon; RaaS estimates; Prices as at 10 June 2022; *At 31 March 2022 or 31 December 2021; **31 March balance date, FY22 actuals; #31 December balance date.

Xref Ltd (ASX:XF1): XF1 provides an automated online reference checking platform allowing employers to request one or multiple references and receive feedback within 24 hours. XF1 also offers other SaV checks via its platform and has a biometric identity verification offering which is branded 'RapidID'. Its operations in Canada, UK and US accounted for 15% of H1 FY22 revenue.

We view XF1 as CV1's closest ASX-listed peer given:

- CV1 and XF1 both currently primarily operate within the pre-employment SaV market - and they have arrangements facilitating the provision of each other's key services (police checks and reference checks respectively) to their client bases. Both have been broadening their offerings, including ramping-up their respective digital ID verification service offerings.
- Their revenue bases are currently primarily transactional in nature (rather than subscriptions/recurring revenue), although CV1 has a pay-as-you-go model for SaV services, while XF1 clients primarily pay for candidate reference check credits in advance (~70% of revenue vs. ~24% post-paid). Meanwhile,

subscription revenue currently accounts for ~6% of XF1 revenue (12-month subscription with a usage cap) vs. ~10% for CV1, with both seeking to increase this revenue stream. XF1's gross margins are currently ~10 percentage points higher at 75% (vs. 64% for CV1).

- Both are operating cashflow positive for FY22 to date and have been undertaking sizeable technology development investments which are capitalised. XF1's operating and free cashflows for FY22 to date are higher than for CV1 (operating cashflow: \$3.0m vs. \$2.1m; free cashflow: \$2.0m vs. \$0.2m).
- Both reported positive EBITDA in FY21 (XF1: \$1.0m, CV1: \$0.24m) and H1 FY22 (XF1: \$0.47m, CV1: \$0.71m).

IntelliHR Ltd (ASX:IHR): IHR provides an online HR management and data storage tool which includes remote worker onboarding and performance management. All of IHR's sales are from SaaS – and it had 64,429 contracted subscribers from 310 customers at 31 March 2022.

We view IHR as CV1's second-closest peer as:

- IHR has a SaaS subscription-based model (per user per month), akin to CV1's new Cited SaaS pricing model.
- There appears to be some overlap in one aspect of the respective offerings, namely qualification compliance monitoring solutions.
- IHR is undertaking a global rollout (including targeting the North American market) while CV1 is exploring opportunities for Cited in some international jurisdictions (which we understand does not currently include North America). However, IHR is much more advanced in its international expansion and has also entered into a reseller agreement with a UK payroll supplier (Cintra) to facilitate entry into the UK market followed by the North American markets.

However, in contrast to CV1 and XF1, IHR has reported sizeable \$7.2m operating cash outflows for FY22 to date (and \$7.3m free cash outflows).

Two of the peer group identify themselves as RegTech companies:

- **Identitii Ltd (ASX:ID8):** ID8 operates a compliance reporting platform for AML/CTF purposes ('Know Your Customer') with a target market of financial institutions and entities that are required to report to AUSTRAC.
- **KYCKR Ltd (ASX:KYK):** KYK provides business data and software solutions for 'Know Your Business' purposes (i.e. compliance, regulatory and business-related processes including AML/CTF, modern-day slavery, fraud and tax evasion). Its offering includes real-time company registry information on over 170m businesses globally sourced from 200+ regulatory sources across 120 countries.

CV1 offers AML/CTF and business checks primarily for employment screening purposes. However, CV1's primary focus is 'Know Your People', while ID8 specialises in 'Know Your Customer'/AUSTRAC reporting and KYK focuses on 'Know Your Business'. The revenue bases of ID8 and KYK (at ~\$2m and \$4m) are significantly lower than CV1 and they have incurred sizeable free cash outflows for FY22 to date (\$4.9m and \$4.2m respectively).

A brief description of the other peer companies follows:

- **ELMO Software Ltd (ASX:ELO):** ELO provides cloud HR, payroll and expense management solutions in Australia, New Zealand and the UK.
- **ReadyTech Ltd (ASX:RDY):** RDY provides cloud-based software via a SaaS model to customers within the education and work pathways (student management systems) and government and justice sectors (case management software), and workforce solutions for mid-sized companies (payroll software, outsourced

payroll services and HRM software solutions (including HR administration [employee records, workplace health and safety (WHS) and organisational structure] and talent management)).

- **Damstra Holdings Limited (ASX:DTC):** DTC is an Australia-based global provider of integrated workplace management solutions including for workplace compliance.
- **Rightcrowd Ltd (ASX:RCW):** RCW provides physical security, safety and compliance software.
- **PayGroup Ltd (ASX:PYG):** PYG is a provider of payroll and human capital management solutions in Asia and Australia.
- **LiveTiles Ltd (ASX:LVT):** LVT provides employee experience software for employee collaboration and communications.
- **Knosys Ltd (ASX:KNO):** KNO provides information software and services focused on employee connection, productivity and customer engagement.
- **LiveHire Ltd (ASX:LVH):** LVH provides recruitment, talent mobility and direct-sourcing platforms.
- **AD1 Holdings Ltd (ASX:AD1):** AD1 has a portfolio of software businesses with a focus on HR technology and energy industry technology. Its HR technology software comprises: (1) ApplyDirect: a recruitment platform facilitating direct candidate sourcing (e.g. the iworkfornsw platform); and (2) Art of Mentoring: a SaaS business with a suite of software, products and services for mentoring programmes.
- **Schrole Group Ltd (ASX:SCL):** SCL (also a RaaS client) provides HR management software and training solutions for the international and domestic education sector. Its solutions include its 'Schrole Verify' product which provides background screening in the international schools' sector via a partnership with First Advantage (NASDAQ:FA).

The following table sets out the key cashflow metrics for the nine months to 31 March 2022 (i.e. FY22 to date) for the companies that lodge ASX Appendix 4C quarterly cashflow reports, and for H1 FY22 for the remainder. This highlights that **only four of the 14 peers** are operating cashflow positive for FY22 to date, and that only XF1 is free cashflow positive for the year to date.

Exhibit 26: ASX-listed peers - Key cashflow metrics for FY22 to date (nine months)

Name	ASX code	Cash receipts (\$m)	Operating cashflow (\$m)	Capex + intangibles (capitalised software/IT) (\$m)	Free cashflow (\$m)
CV Check Ltd	CV1	21.7	2.1	(1.9)	0.2
Xref Ltd	XF1	15.4	3.0	(1.0)	2.0
Intellihr Ltd	IHR	3.8	(7.1)	(0.0)	(7.2)
ELMO Software Ltd*	ELO	56.0	3.7	(13.6)	(9.9)
Readytech Ltd	RDY	39.4	4.7	(5.6)	(0.9)
KYCKR Ltd	KYK	3.1	(4.2)	0.0	(4.2)
Damstra Holdings Limited	DTC	20.6	(5.0)	(5.2)	(10.2)
Identitii Ltd	ID8	1.3	(4.4)	(0.6)	(4.9)
Rightcrowd Ltd	RCW	13.5	(2.3)	(0.3)	(2.5)
PayGroup Ltd**	PYG	29.6	0.9	(3.9)	(3.0)
LiveTiles Ltd	LVT	43.8	(3.6)	(2.9)	(6.5)
Knosys Ltd	KNO	6.8	(0.6)	0.0	(0.6)
LiveHire Ltd	LVH	6.1	(5.7)	(0.0)	(5.8)
AD1 Holdings Ltd	AD1	5.3	(3.2)	(1.1)	(4.3)
Schrole Group Ltd***	SCL	3.9	(0.9)	(0.7)	(1.6)

Source: Company ASX announcements; *Based on six months to 31-Dec-2021; **31 March balance date, FY22 actuals; ***Adjusted to 30 June year-end (vs actual 31 December year-end).

International

US listed pureplay SaV companies

Notably, three of the largest SaV companies in the United States listed in 2021. This provides three pureplay valuation comparables notwithstanding the vast difference in the revenue and earnings scale of these companies relative to CV1. None of the pureplays appear to currently generate any material SaaS subscription-based revenue (vs. ~10% for CV1). Accordingly, the valuation metrics reflect transactional SaV revenue which, in turn, provide a sound yardstick for most of CV1's current revenue.

While their share prices have fallen significantly from post-IPO highs during the highly buoyant period in late 2021, they have held up reasonably well in recent weeks after reporting sound March 2022 quarter results and providing increased guidance for FY22 (31 December). See **Annexure F – US Pureplay SaV Peers: March 2022 Quarter** for an overview of their March 2022 quarter results, guidance and results comments.

Their average EV/Revenue is 2.6x based on FY22 (CY22) consensus forecasts and EV/EBITDA is 9.5x. For FY23 (CY23), average EV/Revenue is 2.4x and EV/EBITDA is 8.3x.

Exhibit 27: Pureplay SaV comparables - trading multiples FY22f*

	Code	Price (\$)	Market cap. (US\$m)	Net debt (31/3/22)	EV (US\$m)	FY22f revenue (US\$m)	FY22f EBITDA (US\$m)	FY22f EPS (US cents)	EV / Revenue - FY22f (x)	EV / EBITDA - FY22f (x)	PE ratio - FY22f (x)
First Advantage Corp	NASDAQ: FA	14.01	2,143	257	2,400	834	260	1.1	2.9	9.2	13.1
Sterling Check Corp	NASDAQ: STER	16.69	1,607	465	2,072	774	213	1.1	2.7	9.7	14.6
HireRight Holdings Corp	NYSE: HRT	14.99	1,190	618	1,808	824	192	1.4	2.2	9.4	10.9
Average									2.6	9.5	12.9

Source: Company SEC filings, Refinitiv Eikon; Prices as at 10 June 2022; *31 December 2022 balance dates.

Exhibit 28: Pureplay SaV comparables - trading multiples FY23f*

	Code	Price (\$)	Market cap. (US\$m)	Net debt (31/3/22)	EV (US\$m)	FY23f revenue (US\$m)	FY23f EBITDA (US\$m)	FY23f EPS (US cents)	EV / Revenue - FY23f (x)	EV / EBITDA - FY23f (x)	PE ratio - FY23f (x)
First Advantage Corp	NASDAQ: FA	14.01	2,143	257	2,400	910	292	1.18	2.6	8.2	11.9
Sterling Check Corp	NASDAQ: STER	16.69	1,607	465	2,072	840	241	1.32	2.5	8.6	12.6
HireRight Holdings Corp	NYSE: HRT	14.99	1,190	618	1,808	882	222	1.69	2.1	8.1	8.9
Average									2.4	8.3	11.1

Source: Company SEC filings, Refinitiv Eikon; Prices as at 10 June 2022; *31 December 2023 balance dates.

A description of each pureplay follows, including statements regarding their stated acquisition intentions and medium-term growth targets.

First Advantage (NASDAQ:FA): FA commenced operations in 2003 and is a global provider of technology solutions for screening, verifications, safety and compliance related to human capital. In 2021, it performed 93 million screens in over 200 countries and territories on behalf of more than 30,000 customers. It has a global operating centre located in Bangalore, India.

FA entered the APAC market in May 2005 with the acquisition of Quest Research which had offices in India, China, Singapore, Australia, Hong Kong and the Philippines. It further **expanded its Australian presence** in July 2006 when it acquired Refsure Worldwide Pty Ltd, a provider of employment background screening services in Australia and New Zealand.

It commenced trading on the Nasdaq on 23 June 2021. Post-IPO, it is 59% owned by Silver Lake, a global technology investment firm.

We note the following key points and extracts from its SEC filings:

- **Long-term organic growth targets:** FA is targeting annual **organic revenue growth of 8-10%** (constant currency) and EBITDA growth of 11-14%.
- **Revenue composition:** The substantial majority of FA's revenue is derived from pre-onboarding screening. 83% of FA's FY21 revenue was from the Americas with 17% from outside the Americas.
- **Acquisitions:** *"... all four acquisitions since 2021 are performing ahead of initial expectations and added vertical, product, and international capabilities that are driving impressive upsell and cross-sell business as well as new customer pipelines."*
- **Nature of contracts:** FA's contracts set general terms and pricing for products and services and typically have three-year terms. They generally do not include minimum or committed order volumes.

Sterling Check Corp. (NASDAQ:STER): STER is a global provider of technology-enabled background and identity verification services. In 2021, it completed over 95 million searches for over 50,000 clients.

It has existing operations in 13 jurisdictions **including Australia** and several APAC countries (Singapore, Malaysia, China, India, the Philippines, Hong Kong). STER's fulfilment operations and certain technology development operations are conducted in Mumbai and Manila.

STER entered the APAC market in May 2016 when it acquired RISQ Group, a background screening company with six offices in the region including Singapore, Australia, Malaysia, Hong Kong and mainland China. Subsequently, in November 2018, it **acquired National Crime Check**, a pre-employment background screening provider based in Adelaide for an undisclosed price.

STER commenced trading on Nasdaq on 23 September 2021. Post-IPO, it is 62.3% owned by an investment group comprising entities affiliated with Goldman Sachs and Caisse de dépôt et placement du Québec.

We note the following key points and extracts from its SEC filings:

- **Three-five year targets:** STER is targeting annual organic **revenue growth of 9-11%** (constant currency), adjusted EBITDA margins of 29%-32%+, and annual adjusted net income growth of 15-20%.
- **US/non-US revenue:** ~81% of revenue is from the US and ~19% is generated outside of the US.
- **APAC market comments:** *"We entered the APAC market through two acquisitions and continue to drive growth organically, within both established and emerging screening markets in the region."*
- **Acquisitions:**
 - *"Successful track record in M&A (10 acquisitions within past 10 years)*
Focused on:
 - *Small U.S. tuck-ins*
 - *Increased scale in existing international markets*
 - *New geographic markets**Targeting highly synergistic, quickly accretive deals"*
 - *"We view a targeted, disciplined approach to strategic mergers and acquisitions ('M&A') as highly complementary to our other key growth objectives, compounding and/or accelerating related opportunities."*
- **Nature of enterprise client contracts:** A majority of STER's US enterprise client contracts are exclusive or require STER to be used as the primary provider. *"They are typically multi-year agreements with automatic renewal terms, no termination for convenience clauses and set pricing with Sterling's right to increase prices upon notice."*

HireRight (NYSE: HRT): HRT was founded in 1990 and is a global provider of technology-driven workforce risk management and compliance solutions encompassing background screening, verification, identification,

monitoring, and drug and health screening services. In 2021, it processed over 110 million screens including for 29 million workers and had more than 40,000 customers.

In October 2019, HRT **acquired PeopleCheck in Australia**. PeopleCheck was established in 2006 and is based in Newcastle.

It commenced trading on the Nasdaq on 29 October 2021. Post-IPO, General Atlantic LLC and Stone Point Capital hold 37% and 21% respectively.

We note the following key points and extracts from its SEC filings:

- **US/non-US revenue:** ~92% of revenue is from the US and ~8% is generated outside of the US.
- **Acquisitions:**

“We maintain a disciplined approach to potential acquisitions, but see a significant opportunity to accelerate and enhance our growth strategy via mergers and acquisitions ... Our approach to acquisitions will focus on three primary factors:

 - **Acquiring new capabilities to expand and enhance our service offering:** *In certain instances, we may identify opportunities to acquire new capabilities that would accelerate their inclusion in our service offering relative to in-house development. Specific focus capabilities in which we could consider acquisition opportunities include ongoing monitoring, biometrics, ID verification, skills assessments, and credentialing ...*
 - **Expanding our industry and geographic end-market presence:** *While we currently have broad reach across end markets, certain of our competitors may have a particular focus or a stronger relative presence within specific industry sectors or geographies in which we are under-penetrated or not present. In these cases, we may pursue acquisition targets to accelerate our existing organic growth strategies to address these end-markets.*
 - **Enhancing our efficiency and market presence through consolidation:** *As a large player in the fragmented workforce risk management and compliance market, we may seek to acquire competitors of smaller scale with similar service offerings or end market exposure to enhance our scale efficiencies and market share.”*
- **Nature of contracts:** HRT’s contracts are typically multi-year but they do not include minimum order volumes, and customers can terminate at any time for convenience and without notice or penalty.

International non-pureplay peers (business intelligence including SaV)

There are also several large listed international comparable companies providing broader business intelligence offerings which include SaV services. This group trades on higher valuation multiples than the pureplay SaV peers which likely reflects their more diversified revenue and earnings streams.

The average EV/Revenue for this group is 5.1x based on FY22 (CY22) consensus forecasts and EV/EBITDA is 15.6x. For FY23 (CY23), the average EV/Revenue is 4.7x and EV/EBITDA is 14.0x.

Exhibit 29: International non-pureplay comparables - trading multiples FY22f*

	Code	Price (US\$)	Market cap. (US\$m)	Net debt (31/3/22)	EV (US\$m)	FY22f revenue (US\$m)	FY22f EBITDA (US\$m)	FY22f EPS (US cents)	EV / revenue - FY22f (x)	EV / EBITDA - FY22f (x)	PE ratio - FY22f (x)
Equifax Inc	NYSE: EFX	183.35	22,430	5,613	28,043	5,204	1,842	8.15	5.4	15.2	22.5
Automatic Data Processing Inc	NASDAQ: ADP	211.82	88,404	1,353	89,757	16,423	4,338	6.97	5.5	20.7	30.4
Experian plc (in GBP)	LSE: EXPN	24.23	22,311	4,180	26,491	6,288	2,129	1.24	4.2	12.4	19.5
TransUnion	NYSE: TRU	79.27	15,252	4,650	19,902	3,875	1,421	3.92	5.1	14.0	20.2
Average – non-pureplay									5.1	15.6	23.2
Average - pureplays									2.6	9.5	12.9
Average – all int'l									3.8	12.5	18.0

Source: Company SEC filings, Refinitiv Eikon; Prices as at 10 June 2022; *31 December 2022 year end except Experian (31 March).

Exhibit 30: International non-pureplay comparables - trading multiples FY23f*

	Code	Price (US\$)	Market cap. (US\$m)	Net debt (31/3/22)	EV (US\$m)	FY23f revenue (US\$m)	FY23f EBITDA (US\$m)	FY23f EPS (US cents)	EV / Revenue - FY23f (x)	EV / EBITDA - FY23f (x)	PE ratio - FY23f (x)
Equifax Inc	NYSE: EFX	183.35	22,430	5,613	28,043	5,647	2,075	9.43	5.0	13.5	19.4
Automatic Data Processing Inc	NASDAQ: ADP	211.82	88,404	1,353	89,757	17,629	4,732	7.73	5.1	19.0	27.4
Experian plc (in GBP)	LSE: EXPN	24.23	22,311	4,180	26,491	6,787	2,389	1.38	3.9	11.1	17.6
TransUnion	NYSE: TRU	79.27	15,252	4,650	19,902	4,221	1,598	4.51	4.7	12.5	17.6
Average – non-pureplay									4.7	14.0	20.5
Average - pureplays									2.4	8.3	11.1
Average – all int'l									3.5	11.2	15.8

Source: Company SEC filings, Refinitiv Eikon; Prices as at 10 June 2022; *31 December 2022 year end except Experian (31 March).

Brief descriptions of the non-pureplay peer companies follow:

- **Equifax Inc:** Equifax is a global data, analytics and technology company, which provides information solutions and human resources business process outsourcing services for businesses, governments and consumers. Its workforce solutions division provides verification of income, employment, educational history, criminal history, healthcare professional licences and sanctions. Equifax acquired then ASX-listed Veda Advantage in February 2016.
- **Automatic Data Processing Inc (ADP):** ADP provides payroll, global human capital management and outsourcing services in over 140 countries and markets. Its product offering includes pre-employment screening.
- **Experian plc:** Experian is a global information services company providing business-to-business data, decision and consumer services including databases containing the credit activity and repayment histories of millions of consumers and businesses.
- **TransUnion:** TransUnion is a global information and insights company providing consumer reports, actionable insights and analytics to businesses and consumers including credit reports and scores, credit monitoring and identity protection.

CV1 Valuation Scenarios - Peer Trading Multiples

Applying the EV/Revenue multiples for the ASX peers, XF1, the US listed pureplays and non-pureplay global peers to CV1 gives a range of enterprise values from \$68m-\$124m and an equity value of **\$0.18-\$0.31 per share** on FY22 forecasts. We note that our DCF valuation is around the mid-point of this valuation range (see DCF Valuation). On FY23 forecasts (excluding XF1 comparable), EV ranges from \$60-107m for equity values of \$0.17-\$0.28.

Exhibit 31: CV1 valuation scenarios - peer trading multiples

	FY22f	F23f
CV1 revenue (\$m)	26.2	30.5
EV/revenue multiple		
ASX peers - average	2.9x	2.0x
XF1	4.7x	na (no forecast data)
US listed pureplay SaV - average	2.6x	2.4x
Global peers (inc. pureplays) - average	3.8x	3.5x
Enterprise value (EV) - CV1 (\$m)		
Using ASX peers - average	75.0	59.8
Using XF1	123.9	na
Using US listed pureplay SaV - average	67.8	76.2
Using global peers (inc. pureplays) - average	100.2	107.4
Equity value/share - CV1		
Using ASX peers - average	\$0.20	\$0.17
Using XF1	\$0.31	na
Using US listed pureplay SaV - average	\$0.18	\$0.20
Using global peers (inc. pureplays) - average	\$0.26	\$0.28

Source: RaaS estimates, Refinitiv Eikon

M&A and Unlisted Investments

The following section identifies recent merger and acquisition (M&A) activity within CV1's peer group, namely: (1) Acquisitions by ASX-listed Readytech Ltd (ASX:RDY) and Damstra Holdings Limited (ASX:DTC); (2) Recent local private equity unlisted investments and M&A involving Accel-KKR; (3) Global M&A in the SaV industry; and (4) Investments in the unlisted global SaV industry.

Recent acquisitions by ASX-listed RDY and DTC

We note that RDY and DTC have recently acquired HR/workforce technology firms based on EV/Revenue multiples of between 2.7x (March 2022) and 7.35x (July 2020) which compares to CV1's acquisition of Bright at 2.3-2.6x revenue.

- **RDY/PhoenixHRIS:** In March 2022, RDY acquired PhoenixHRIS which provides an advanced cloud-based application tracking system for \$3.4m (\$2.2m upfront and up to \$1.2m deferred). RDY stated that the consideration was consistent with a revenue multiple of 2.7x.
- **DTC/TIKS acquisition:** In September 2021, DTC announced the acquisition of TIKS Solutions Pty Ltd, a Sydney-based workplace safety and compliance management company. The consideration was \$18m which equated to 4.4x FY21 revenue.
- **DTC/Vault acquisition:** In July 2020, DTC made a scrip takeover offer for then ASX-listed Vault Intelligence Limited which valued Vault at \$58.8m and equated to 7.35x FY21 revenue guidance of \$8m. The final purchase price was \$99.3m, reflecting the increase in DTC's share price at the scheme completion date. Vault is focused on providing solutions related to environment, health and safety, and for people monitoring purposes.

Recent investments/M&A: Australian-based workforce and risk management software

It is noteworthy that private equity firm Accel-KKR has invested in two Australian workforce management software companies in recent years, namely:

- **Humanforce:** In late April 2022, Accel-KKR acquired a majority interest in Humanforce for \$60m after having made an initial investment of \$22.5m in January 2019. Humanforce is a Sydney-based workforce

management software company focused on shift and roster-driven workforces. It was founded in 2002 and has offices in Australia, New Zealand, Singapore and the UK.²⁷

- **Pegasus:** In January 2020, Accel-KKR acquired an interest in Newcastle-based Pegasus for \$28m to assist in funding its expansion into the UK, Europe and North America. As abovementioned, Pegasus provides worker competency management software and services including induction and learning management, supplier pre-qualification, site access and asset management. It states that its software manages over 3m workers.

More recently, in July 2021, Avetta acquired Pegasus from Accel-KKR and its other shareholders in exchange for equity in Avetta. Avetta is a provider of supply chain risk management software, and the acquisition was stated to be part of its global growth strategy. It is majority owned by Welsh, Carson, Anderson & Stowe and other investors include Technology Crossover Ventures and Norwest Venture Partners.²⁸

In the compliance and risk management space, Camms and Safety Culture have also been the subject of notable investments:

- **Camms:** Ellerston JAADE Australian Private Assets Fund made a \$22m investment in Camms in November 2019. Camms is an Australian-based integrated risk and performance management (strategy, projects, people) provider. The \$57m fair value of Ellerston's 39% shareholding at 30 April 2022 implies an equity valuation of \$146m for Camms.
- **Safety Culture:** It is an Australian-founded private company that predominantly operates in the adjacent market segment of inspection management software with a focus on OH&S. Its most recent \$99m capital raising in May 2021 implied a valuation of \$2.2 billion. Safety Culture disclosed that it would generate over \$100m revenue in FY21 with 82% gross profit margins. Its revenue has grown at ~100% pa in FY20 and FY21 (from ~\$26m in FY19). 80% of its customers are now outside of Australia. Its investors include Insight Partners, Tiger Global, BlackBird Ventures, Index Ventures, Skip Capital and TDM Growth Partners.

Recent international SaV industry M&A

The following table sets out the key international transactions in the global SaV industry in recent years. This indicates that, in addition to the three listed pureplays, there are several acquisitive US-based companies, namely Checkr, Certn, Accurate Background and ClearStar.

Exhibit 32: Recent international SaV industry M&A

Date	Acquiror	Target/acquiree	Price	Description of target/acquiree	Stated acquisition rationale
Apr-22	Checkr	GoodHire (Inflection Risk Solutions LLC)	US\$400m	Background checks for small businesses	Critical part of Checkr's expansion strategy in the small-to-medium sized (SMB) business segment
Feb-22	Checkr	ModoHR Technologies Inc	Not disclosed	Canadian-based background checking firm	Provides Checkr clients greater access to Canadian background check data; strategic step toward international expansion
Jan-22	Certn*	Credence	Not disclosed	SaV company based in the UK and established in 2009 servicing Europe, Middle East and Africa	To diversify Certn's offering and add to client base
Jan-22	First Advantage (NASDAQ:FA)	Form I-9 Compliance	US\$19.8m	US I-9 and E-Verify compliance	Strategically expands product suite offerings
Dec-21	First Advantage	Corporate Screening Services, LLC	US\$39.4m	US-based screening and compliance solutions provider	Strengthens its healthcare and higher education solutions
Dec-21	First Advantage	MultiLatin Advisors, S.A. de C.V	Not disclosed	Background screening and verification provider based in Mexico	

²⁷ See [Humanforce Closes Significant New Growth Investment from Accel-KKR | Humanforce](https://www.afr.com/technology/us-pe-fund-accel-krk-buys-majority-stake-in-aussie-software-company-20220502-p5ahva) and <https://www.afr.com/technology/us-pe-fund-accel-krk-buys-majority-stake-in-aussie-software-company-20220502-p5ahva>.

²⁸ See <https://pegasus.net.au/home/avetta-acquisition-of-pegasus-completed-after-receiving-regulatory-approval/>.

Date	Acquiror	Target/acquiree	Price	Description of target/acquiree	Stated acquisition rationale
Dec-21	ClearStar Inc	Employment Screening Resources (ESR)	Not disclosed		Part of ongoing growth strategy geared towards acquiring and integrating best-in-class capabilities to deliver services for new and existing customers
Nov-21	Sterling Check Corp (NASDAQ:STER)	Employment Background Investigations, Inc.	US\$67.8m	US West Coast-focused background screening firm	Expand presence in key US verticals, including financial services, healthcare, retail, manufacturing, and transportation
Nov-21	GTCR (private equity)	Cisive	Not disclosed	US background screening provider focused on employee background screens and industry-specific data services for highly regulated, risk-sensitive industries (incl healthcare, financial services, transportation).	"... the Cisive management team have built an exceptional business offering high value background screening products to employers operating in complex end markets." "As part of the transaction, GTCR expects to commit significant incremental equity to fund acquisitions and organic growth initiatives."
Mar-21	First Advantage	GB Group Plc - UK operations only	US\$7.6m	UK background screening business of GBG, a global digital identity and location services provider	To expand FA's footprint and extend its capabilities in the UK and EMEA
Sep-20	Hannover (private equity)	ClearStar Inc (previously AIM:CLSU)	US\$19m	US background and medical screening company. Reported June 2020 half revenue of US\$9m. Acquisition multiple of ~1.0x annualised June 2020 half revenue.	COVID-19 uncertainty: "... the ongoing challenges created by the pandemic means that there remains significant near-term uncertainty. The Hannover offer provides us with financial certainty to continue building our business"
Feb-20	Accurate Background	Careerbuilder Employment Screening (background screening division of CareerBuilder)	Not disclosed	Background screening and drug-testing services and technology for employers in US and abroad. Acquisition facilitated by an investment from Apax Digital Fund (technology-focused growth equity fund advised by Apax Partners).	"An increasingly competitive labour-market, a more complex regulatory environment, and a growing focus on risk management excellence, are driving employers' strong demand for best-in-class technology solutions for enhanced screening services"
Jan-20	Silver Lake Group LLC	First Advantage	US\$1,576m	Acquisition of global SaV company by private equity firm	
Oct-19	HireRight	PeopleCheck Pty Ltd (Australia) and J-Screen K.K. (Japan)	US\$11.9m	Background screening services in Australia, and background screening and due diligence services in Japan/Korea respectively.	

Source: Company press releases, announcements and SEC filings; * Certn is a Canadian-based company founded in 2016 and its focus is "providing real-time comprehensive background checks and ongoing risk monitoring for employees, contractors and tenants around the world."

Recent international capital raisings – unlisted SaV companies

- **Checkr** raised US\$250m in August 2021 which gave it a valuation of US\$4.6 billion at that time. It previously raised US\$160m in September 2019 (valuing it at US\$2.2 billion). It has raised a total of US\$560m since it was founded in 2014. Checkr's investors include Durable Capital, Fidelity, Franklin Templeton, BOND Capital, Khosla Ventures, IVP, T. Rowe Price, Coatue, Accel and Y Combinator.

Checkr's platform uses artificial intelligence and machine learning to help companies modernise their background check process. Its customers include Uber, Instacart, Doordash, Netflix, Compass Group and Adecco. It also offers a 'Continuous Check' subscription service providing updates to candidates' report status in real-time utilising criminal search, arrest record and proprietary data.

It is also acquisitive having recently purchased GoodHire for US\$400m and ModoHR Technologies Inc (see above table).

- As noted in the table above, Apax Digital Fund invested in Accurate Background in February 2020 to fund the Careerbuilder Employment Screening acquisition.

Future M&A Activity – CV1 As Predator Or Prey?

We view CV1 as both a potential target and potential acquiror, especially in the medium-term. If the current tech stock and general market malaise is prolonged, we anticipate opportunities for M&A are likely to become more attractive to potential acquirors that are well capitalised and have a medium- to long-term investment horizons. The fragmented nature of the SaV, workforce management and broader HR software industries also lend themselves to consolidation.

With ~\$12m cash and net current assets of ~\$10m, CV1 could undertake a small to medium cash-based acquisition without needing to raise further capital. Being listed, it also has the flexibility to consider acquisitions for cash and scrip or all scrip. Although the Bright acquisition provided CV1 with its core SaaS growth platform, we expect it would consider acquisitions to augment the features and capabilities of Cited and/or the CVCheck platform at appropriate prices. For instance, CV1 is seeking to build its capabilities in **biometrics** in the near term. Whilst this functionality could be externally supplied (via a supply agreement or partnership) or built in-house, it could also potentially be accessed via an acquisition.

It is noteworthy that all three of the US-listed pureplay SaV companies continue to state their interest in appropriate M&A transactions. While all three already have operations in Australia, it appears that CV1 displays some of the characteristics they are seeking in target companies. If the Cited SaaS roll-out gathers momentum, CV1 could be of particular interest to these companies given they are all seeking to expand their post-onboarding/ongoing SaV revenues and generate SaaS subscription-based revenue streams.

As noted above, private equity has also recently been investing in Australian headquartered workforce management companies and in unlisted SaV companies globally.

DCF Valuation

Using a discounted cashflow methodology, our valuation of CV1 is **\$0.26 per share** based on current issued capital (given none of the unlisted securities have vested and/or are in-the-money) and incorporating the key assumptions set out below. This implies EV/Revenue multiples of 3.8x for FY22 and 3.3x for FY23 which appear reasonable compared to the abovementioned peer trading multiples (noting that they imply an FY22 enterprise value (EV) of \$68m-\$124m and an equity value of \$0.18-\$0.31 per share for CV1).

We view the DCF methodology as the most appropriate for valuing CV1 at this point in its lifecycle. As a cross-reference to CV1's current trading multiple, we also considered the trading multiples of three peer groups (see Valuation – Listed Peer Comparisons above).

Exhibit 33: DCF valuation	
Parameters	Outcome
Discount rate / WACC*	11.6%
Beta**	1.25x
Terminal growth rate assumption	2.2%
Sum of PV (forecast period)	\$40.4m
PV of terminal value	\$59.5m
PV of enterprise	\$99.8m
Net debt / (cash) - 30 June 2022 (RaaS est.)	(\$12.3m)
Net valuation - equity	\$112.1m
No. of shares on issue	434.2
NPV per share	\$0.26

Source: RaaS estimates, Refinitiv Eikon; *Discount rate incorporates risk-free rate (RfR) of 3.5% and an equity risk premium of 6.5%; **Vs. Refinitiv's observed beta of 1.5x based on its five-year monthly beta methodology.

- Revenue growth of ~\$7m pa for FY25 to FY27 reflecting an ongoing growth trajectory for years three-five of Cited SaaS platform subscription sales (at \$15/month/worker) and flattish transactional/SaV revenue as existing corporate customers continue to migrate to the SaaS platform. For FY28-31, revenue growth continues at a more moderate ~\$5m pa.
- Gross margins increasing to 79% over 10 years as SaaS accounts for an increasingly higher proportion of revenue (68% at year 10).
- 10%-12% operating cost growth for FY25 to FY27 followed by a more moderate 6% pa in FY28-31.
- High ongoing capitalised development spend of ~\$2.5m pa assuming continued reinvestment in the CV1 platforms.

A sensitivity analysis of some key DCF valuation inputs is set out below.

Exhibit 34: DCF valuation sensitivities

Variable	Current value in DCF	+/-	+/- value chg (per share)	% chg vs DCF
Discount rate / WACC	11.6%	1%	\$0.03	12%
SaaS ave monthly fee per worker	\$15	\$2.50	\$0.07	28%
FY26f revenue (\$m)	50.9	\$5m	\$0.05	21%
FY31f revenue (\$m)	80.5	\$5m	\$0.02	8%
Gross margin FY26f	74.0%	5 percentage pts	\$0.04	17%
Gross margin FY31f	78.5%	5 percentage pts	\$0.02	8%

Source: RaaS estimates.

SWOT Analysis

Exhibit 35: Strengths, Weaknesses, Opportunities, Threats

Strengths	Opportunities
Strong SaV market positions in Australia (~11.5% share in pre-employment screening) and New Zealand	Cross-selling high-margin Cited SaaS subscriptions to existing SaV customers in key industry verticals (healthcare, utilities, mining)
Broad, competitively priced SaV offering + differentiated (functionality; all-in monthly pricing per worker), industry agnostic, scalable RegTech SaaS	New customer pipelines reflecting (1) market positioning (compliance, ESG) and structural tailwinds and (2) increased East Coast B2B sales presence
Sound financial position: ~\$12m cash (no debt) + 'self-funding' (operating cashflow funding tech dev. spend) = also positioned for M&A opportunities	Enhance operating leverage via scalable SaaS model and efficiency gains identified in cross-mapping CV1 and Bright tech stacks
Revenue growth track record and improving gross margins (64%)	Increase value of data/offering and incentivise Cited SaaS uptake via product innovation (Digital Credential Passport, biometrics, enhanced AI)
Diversified customer base of predominantly B2B customers (~80% repeat rate, bundled multi-check orders). No customer >~2% of revenue	Pursuit of selected international opportunities for Cited SaaS to drive uptake and capitalise on RegTech/SaV adoption in underpenetrated markets
Leveraged to positive structural trends: RegTech/workforce compliance, ESG	
Accreditations with govt. agencies for key information access requirements	
Weaknesses	Threats
SaV operations are currently dominant and exposed to job market cyclicality	Current economic uncertainty reducing pre-employment SaV demand and diluting positive structural tailwinds for RegTech services
Current skew to transactional fees (90%) and small SaaS revenue (10%)	Lower-than-anticipated Cited SaaS offering uptake
Minimal free cashflow - most operating cashflow currently utilised for sizeable technology spend	Fragmented, competitive Australian and international markets for RegTech, HRM and SaV services leading to margin pressure
	Further increased competition - barriers to entry are relatively low
	Competitors releasing enhanced or new offerings in a timelier manner that offer equivalent or superior functionality, and/or gain market traction
Relatively low margin police checks are still significant (~60% revenue)	Changes to consumer data availability via increased free or inexpensive online accessible information
Market illiquidity	

Source: RaaS analysis

Key Risks

In our opinion, the key risks for CV1 are:

- **Uptake of the Cited SaaS offering** which is contingent on several factors including employer acceptance necessary to generate significant revenue growth, attracting the requisite sales staff, and their ability to cross-sell to existing CV1 customers or establish new customer relationships and subsequently maintain them. Medium-term revenue growth and earnings are dependent on acceptance of the SaaS offering and/or CV1's market share in the Australian SaV market.
- **Increased competition** from other RegTech and HR/workforce SaaS providers (including larger global firms with more significant financial resources than CV1) offering enhanced or new products that are comparable or superior and/or first to market. Pricing, speed and accuracy of information, breadth of product and value-added insights drive competitive dynamics in the SaV, RegTech and HR/workforce software markets. This is requiring ongoing product innovation and process improvements/automation and the attendant tech development spend is currently absorbing the majority of CV1's operating cashflows. There is also competition from government agencies that may be exclusively mandated to provide certain screening and verification services (for instance, applications for Australian working with children and NDIS checks can only be submitted by state/territory based single screening units such as the NSW Government's ServiceNSW).

- **Cyclical factors** (job market easing from current record high levels) is likely to lead to lower demand for SaV services. In addition, CV1's SaV offering will confront tougher year-on-year comparables into FY23. Alternatively, RegTech and workforce compliance offerings are viewed as more insulated given they are increasingly regarded as core rather than discretionary spend.
- **Cost effectiveness of international market entry** for the Cited SaaS offering via selection of appropriate partners or establishment of local offices. International markets may not be as receptive as the Australian market leading to higher-than-expected costs and diversion of management resources.
- **Changes to consumer data availability** arising from increased sources of free or relatively inexpensive online accessible information that form part of CV1's offerings. This is evident in the following examples of government initiatives:
 - New Zealand's MOJ providing free police checks to individuals within a few days;
 - NSW Government initiatives such as the March 2022 launch of the Digital Contractor Licence which can be downloaded in the ServiceNSW app by tradespeople; and
 - The removal of fees for searches (including company searches) on the new Australian Business Register platform (scheduled to go live in September 2023) as announced in the 2022 Federal Budget.²⁹

Over time this would increasingly enable consumers to manage their own background data and provide their own background reports directly to employers and relevant third parties (subject to their willingness to accept directly provided data). Consequently, this poses a risk particularly to demand for the SaV offering.

In this scenario, potential mitigating factors lie in CV1's opportunities to:

- Act as an intermediary that validates individuals' self-managed data for third parties;
- Package the information into a commercial product as some commercial providers in the US have done with certain court records and arrest records that are available online for free; and
- Increase efficiencies and reduce costs of information and data collection for the Cited and CVCheck platforms via the 'Digital Credential Passport'.³⁰

We note that CV1's Cited SaaS platform and 'Digital Credential Passport' (and upcoming accreditation as an identity provider under the Federal Government's TDIF) are positioned to leverage this 'intermediary opportunity' thereby ameliorating some of the risk of increasingly freely available information. Meanwhile, CV1's New Zealand operation has demonstrated its ability to navigate the NZ SaV market characteristics and provide an offering that continues to produce revenue momentum and profits.

Turning specifically to Australian police checks, we note that: (1) ACIC uses the ~\$100-\$120m annual income raised via the NPCS to self-fund some of its other services;³¹ and (2) Paid police check models akin to Australia are in place in comparable jurisdictions of the UK, Canada and Singapore (vs. paid company searches which are not).

²⁹ We note that this initiative brings Australia into line with comparable jurisdictions (including the UK, NZ and Canada) where company information is freely available.

³⁰ For instance, more efficient data collection should be facilitated by initiatives such as the NSW Government's digital driver licence (with 72% of licence holders opted-in after four years) and upcoming digital birth certificate.

³¹ ACIC's FY21 annual report disclosed it raised \$116.8m from the NPCS, up from ~\$100m in FY20. Its corporate plans disclose that NPCS revenue is used to pay for the delivery and operation of current national policing information systems and services (such as the National Police Reference System and national fingerprint and DNA databases), and the delivery of new systems and services for the law enforcement community.

- **Margins on Cited SaaS offering** may be lower than anticipated if the all-in pricing model leads to a high-than-expected level of ongoing screening and verification service requests, especially lower-margin police checks. However, excess usage scenarios can be managed via appropriate contractual arrangements/caps.
- **Reliance on supply agreements/accreditations** with a variety of third-party data providers (in particular ACIC).
- **Ongoing compliance with privacy, data security and consumer protection laws and regulations** relating to CV1's service offerings. There is also risk that new privacy regulations restrict the collection and use of certain SaV information (e.g. in some jurisdictions criminal background or credit histories must not be used as disqualifications to employment).
- **Capital markets factors** namely illiquidity, small-cap stock discount, and current rotation away from tech stocks.

Board and Management

CV1's board comprises four non-executive directors. Its management team has six key members led by its relatively recently appointed CEO, Mr Michael Ivanchenko.

Directors

Ivan Gustavino (Non-Executive Chairman)

Date of appointment: 13 August 2018

Mr Gustavino has over 25 years' experience developing global technology businesses, including vast experience in leading, advising and investing in high-growth technology businesses. Mr Gustavino is one of Australia's leading corporate advisors specialising in advising technology companies on growth, mergers and acquisitions. He is the Managing Director of Atrico Pty Ltd and Director of Asia Tech Pty Ltd and Gustavino Capital Pty Ltd. He is also a Non-Executive Director of Imdex Limited (ASX:IMD).

He holds a Bachelor of Business (Information Processing) from Curtin University of Technology.

George Cameron-Dow (Non-Executive Director)

Date of appointment: 16 February 2017

Mr Cameron-Dow has extensive experience as an Executive and Non-executive Director in both private and public companies spanning a range of industries including the pharmaceutical, biosciences and healthcare sectors. In addition to his experience with large corporations, he has served as Chair of a number of ASX-listed companies, retirement funds and a private health insurance fund.

He is a founding director of investment fund manager Fleming Funds Management Pty Ltd (previously St George Capital Pty Ltd) and investment advisory firm Fleming SG Capital Pty Ltd. Mr Cameron-Dow is a director of Omni Innovation Pty Ltd and Non-Executive Director and Chair of Eve Investments Limited (ASX:EVE).

Mr Cameron-Dow holds a Master of Management from the University of the Witwatersrand and the Stanford Executive Programme and is a Graduate Fellow of the Australian Institute of Company Directors.

Oliver Stewart (Non-Executive Director)

Date of appointment: 4 November 2020

Mr Stewart has over 15 years' experience in helping businesses drive sustainable long-term growth through customer and loyalty marketing. His core competencies include strategic planning to maximise customer lifetime value across multiple product sets, marketing and sales channels.

Mr Stewart is currently a Director and Customer Marketing Specialist with Tortoise & Hare CX Agency. He has also held senior roles at Foxtel, Qantas Frequent Flyer, Lavender and M&C Saatchi.

Mr Stewart holds a Bachelor of Business Management (Marketing) and a Bachelor of Arts (Psychology & Journalism).

Jon Birman (Non-Executive Director)

Date of appointment: 3 May 2021

Mr Birman has 30 years' experience in business creation, strategy and executive leadership. He was formerly the Chief Executive Officer of UGL Resources (a subsidiary of UGL Limited) and Group and General Manager of UGL Group. His earlier roles include Deputy Project Director at the Kellogg Joint Venture, managing contracts and the LNG train for Mega Project, and Vice President for International Operations of Kaiser Engineering. Mr Birman's core competencies include strategy, human capital, risk management, health, safety, security and environment (HSSE) and finance.

Mr Birman holds a Bachelor of Arts (Politics & Industrial Relations) from the University of Western Australia.

Management

Michael Ivanchenko (Chief Executive Officer)

Commencement Date: 30 August 2021

Mr Ivanchenko is an internationally experienced, highly capable executive with a record of driving profitable growth through the development and deployment of significant SaaS products. He has deep experience in rapidly developing B2B and B2C technology sectors. On a global scale, he has led product and sales teams across Asia-Pacific, the US and Europe.

Mr Ivanchenko has recently served as Executive Director of Product with Foxtel Group, where he was responsible for the evolution of the Foxtel product from a legacy broadcast platform to an internet-connected service with a modern user experience. He has previously held senior executive roles with Kudelski Group, OpenTV and was co-founder and CEO of Vulcan Software Limited.

Jason Margach (Chief Financial Officer and Chief Operating Officer)

Commencement Date: 3 February 2020 (COO) and 1 October 2021 (CFO & COO)

Mr Margach is responsible for the executive leadership of both the operations and finance and accounting functions of CV1. He has extensive experience in finance and operations both in Australia and overseas.

He holds a Bachelor of Accounting Sciences, completed Commercial Articles with Price Waterhouse Coopers and obtained a Master of Business Administration in 2016.

Declan Hoare (Chief Technology Officer)

Commencement Date: 6 April 2021

Mr Hoare leads the product, development and technology teams in product strategy and roadmap execution, software development and infrastructure. He was a director of Bright and joined CV1 upon completion of the Bright acquisition.

He has over 20 years of experience in the SaaS space, working closely with cross-discipline teams to lead and deliver strategic business transformations. His experience also encompasses financial management and reporting.

Petra Nelson (Chief Customer Officer)

Commencement Date: 6 April 2021

Ms Nelson is responsible for client services. She was the Managing Director of Bright and joined CV1 upon completion of the Bright acquisition.

Craig Sharp (General Counsel and Company Secretary)

Commencement Date: 3 September 2012 (General Counsel) and 3 June 2021 (Company Secretary)

Mr Sharp serves as General Counsel and Company Secretary of CV1. He is also the current Chair of the Australian Committee of the Professional Background Screening Association (PBSA).

Mr Sharp is an admitted solicitor with over 25 years' post-admission experience, including nine years in the background screening industry and seven years as legal counsel in a public company environment.

Mr Sharp holds a Masters of Law and Bachelor of Jurisprudence degrees from the University of Western Australia, and is a Graduate of the Australian Institute of Company Directors.

Geoff Hoffmann (Sales Director)

Commencement Date: April 2022

Mr Hoffmann is CV1's recently appointed Sales Director. He previously held roles at Sensis and Adstream. He has, over the years, built a reputation for successfully building and operating international sales teams and delivering revenue in the scale that aligns with CV1's business model.

Corporate Governance

The majority (three out of four) of CV1's directors are considered to be independent. Mr Birman is not considered to be independent due to his >5% shareholding.

CV1 has two board committees with the following memberships:

- Audit & Risk Committee: George Cameron Dow (Chair), Oliver Stewart and Jon Birman.
- Remuneration Committee: Ivan Gustavino (Chair) and George Cameron-Dow.

The majority of the Audit & Risk Committee (two out of three) are independent non-executive directors, as recommended by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (4th Edition)*. The Remuneration Committee comprises two independent non-executive directors (vs. the recommendation for three) which CV1 considers appropriate given its size, the number of directors, and skill mix of the current committee members.

Shareholders

The current key shareholders accounting for 51.4% of issued capital are set out below.

Exhibit 36: Key shareholders

Shareholder	No. of shares	%	Relationship to CV1
1 Australian Ethical Investments (via National Nominees)	49,658,396	11.4%	Substantial shareholder since 8 April 2020. Latest notice lodged on 22 April 2022 disclosed an increase in holding from 10.4% to 11.4%.
2 Bev & Steve Carolan	47,284,043	10.9%	Steve Carolan founded CV1. Former Director (to May 2020).
3 Nicdam Pty Ltd <Birman Family A/C>	22,197,811	5.1%	Jon Birman - Director and Bright vendor
4 Petra Jane Nelson as trustee for the Carbon Trust 2	14,598,540	3.4%	KMP and Bright vendor
5 Declan Stephen Hoare as trustee for the Carbon Trust 1	14,598,540	3.4%	KMP and Bright vendor
6 Rodney & Gaynor Sherwood	14,358,770	3.3%	Former Exec. Director and CEO (to April 2021)
7 J P Morgan Nominees Australia Pty Limited	13,431,776	3.1%	
8 John Raymond Shaw <Jsa A/C>	10,948,905	2.5%	Bright vendor
9 West Port Management Pty Ltd <Callahan Family A/C>	10,948,905	2.5%	Bright vendor
10 Cs Third Nominees Pty Limited <Hsbc Cust Nom Au Ltd 13 A/C>	10,771,168	2.5%	
11 Mr Michael Mcpherson Stewart & Mrs Judith Stewart <The Stewart Family S/F A/C>	5,548,003	1.3%	Parents of Oliver Stewart (Director)
12 Stewart Alexander Pty Ltd <Sharp Family A/C>	3,202,817	0.7%	KMP (Craig Sharp)
13 OMFGD Pty Ltd as Trustee for the Stewart Family Trust	2,668,000	0.6%	Oliver Stewart (Director)
14 Gusfam Pty Ltd atf Gusfam Trust / I J Gustavino & Y M Gustavino atf Gusfam S/F A/C	1,068,127	0.2%	Ivan Gustavino (Chairman)
15 Unpaused Pty Ltd	931,853	0.2%	Parents of Oliver Stewart (Director)
16 Dhow Nominees Pty Ltd atf Dhow Trust / George Cameron-Dow atf The Xavier Superannuation Fund	806,061	0.2%	George Cameron-Dow (Director)

Source: CV1 2021 Annual Report, substantial shareholder notices and ASX Appendices 3Y.

We note following key points:

- Fund manager Australian Ethical Investments is the largest single shareholder having progressively built an 11.4% shareholding commencing in November 2018.
- The combined shareholdings of the five Bright vendors amount to 16.9%. The vendor consideration shares are currently subject to a voluntary escrow period which expires in December 2022. Three of the vendors are key personnel at CV1, namely Jon Birman, Petra Nelson and Declan Hoare.
- CV1's founder, Steve Carolan, jointly holds a 10.9% interest. This compares to 47.65% on listing reflecting a sell-down in 2018 (40m shares) and dilution resulting from various post-IPO share issues.
- Rod Sherwood, who resigned as Executive Director and CEO in April 2021, jointly holds 3.3% based on the 2021 Annual Report.
- The combined holdings of CV1's directors and KMP (other than the three Bright vendors) total 3.3%.
- Ivan Gustavino (Chair) and Jon Birman (Director/Bright vendor) acquired small parcels on-market in early March 2022 (\$17k and \$34k respectively at a share price of \$0.113). George Cameron-Dow participated in the last placement announced in February 2021 (\$100k at \$0.165).
- CV1 had 1,296 shareholders at 10 May 2022.

Annexures

Annexure A - New Zealand

History

- CV1 has been operating in the New Zealand market for almost six years after acquiring Resume Check Ltd effective 1 July 2016. It is a leading supplier of SaV checks in New Zealand and a predominantly B2B service offering.
- CV1 paid A\$1.7m for Resume Check (including A\$1.3m in cash and the remainder in CV1 shares) which equated to ~1.6x FY16 revenue.
- Upon acquisition, revenue amounted to NZ\$1.1m (FY16) and has since increased by ~150% to NZ\$2.8m (A\$2.5m) in FY21 for CAGR of 20.6%.
- It has reported positive EBITDA each financial year since acquisition.
- Effective 1 February 2017, the NZ government approved CV1 as a screening service to undertake **children's worker safety checks** following the introduction of new legislation and regulations (*Vulnerable Children Act 2014*), which includes a requirement for existing children's workers to complete safety checks every three years.³² In addition, it was awarded an exclusive contract to provide these checks for the NZ Ministries of Health, Education and Social Development for specified categories of children's workers (self-employed workers or sole practitioners who receive state funding). This contract has recently been renewed (in 2022).
- To date, CV1 has derived revenue in excess of NZ\$750k from NZ children's worker safety checks. Whilst the annual revenue from these checks is not material to CV1, it demonstrates CV1's ability to: (1) Capitalise upon increased and changing industry regulation/licensing; and (2) Secure a government contract to undertake certain mandated screening.

Current operations

- The New Zealand operation accounted for 14.3% of CV1's FY21 revenue and 13.1% in H1 FY22.
- It reported EBITDA of \$536k in FY21 and \$610k in H1 FY22 for EBITDA margins of 21.5% and 36.5% in FY21 and H1 FY22 respectively.
- >90% of revenue is from B2B, and it has >300 B2B clients.
- Its large clients include Spark NZ, Northpower, BNZ, Auckland Council, Fletcher Building, Summerset and Harmoney.
- CV1 previously disclosed that NZ revenue from other (non-police) checks accounted for 75% of total NZ revenue in FY18 and 70% in FY19. We understand that it remains around these levels.
- James Sutherland is the Managing Director of CVCheck NZ having previously been the Managing Director and a significant shareholder of Resume Check.

Financials

The pre- and post-acquisition financial history of CV1's NZ operation together with the Australia/NZ revenue contribution split are set out below.

³² See <https://gazette.govt.nz/notice/id/2017-go730>.

Exhibit 37: New Zealand revenue (pre-CV1 acquisition)

NZ\$ - 31 March year end	FY11a	FY12a	FY13a	FY14a	FY15a	FY16a
Revenue (pre-CV1 acq'n)	302,000	371,000	476,000	620,000	784,000	1,131,000
Growth (%) on pcp		23%	28%	30%	26%	44%

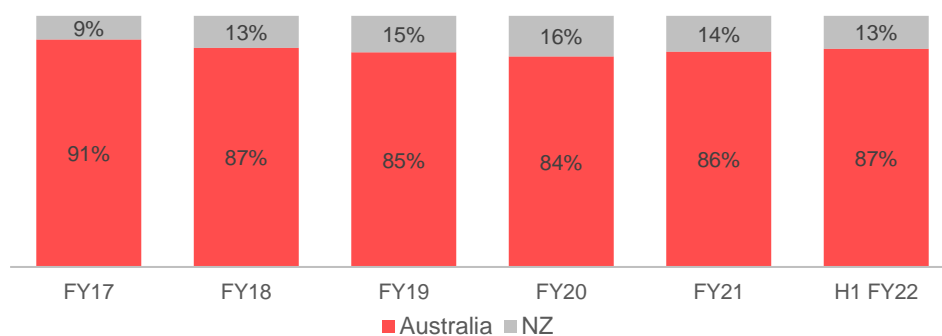
Source: CV1 announcements

Exhibit 38: New Zealand financial performance (post-CV1 acquisition)

A\$	FY17a	FY18a	FY19a	FY20a	FY21a
Revenue (post-CV1 acq'n)	990,024	1,593,903	1,799,967	2,000,912	2,492,825
Growth (%) on pcp		61%	13%	11%	25%
EBITDA	25,193	99,615	168,440	216,830	535,817
Growth (%) on pcp		295%	69%	29%	147%
EBITDA margin (%)	3%	6%	9%	11%	21%

Source: CV1 announcements

Exhibit 39: CV1 Geographic revenue split – Australia / NZ



Source: CV1 financial statements

Annexure B - Bright Acquisition

Consideration

CV1 acquired Bright effective 6 April 2021 for total consideration of \$12.6m comprising:

- \$10.2m to the vendors via the issue of 72,992,701 shares at \$0.14/share;
- \$1.78m in repayments of Bright's bank and shareholder loans; and
- \$0.7m in deferred payments to the vendors (post-final working capital adjustments).

This was less than the estimated \$15.3m total consideration when the acquisition was announced on 10 February 2021 as a result of the then share price of \$0.165 (\$12m valuation), and actual other net payments of \$2.4m (vs. potentially \$3.25m).

Including expensed acquisition-related costs (\$1.08m), total consideration and acquisition payments were \$13.7m.

Exhibit 40: Bright acquisition consideration and related payments

Fair value of consideration (6 April 2021)	\$	
Consideration shares	10,218,978	Based on \$0.14 share price on 6 April 2021
Deferred cash payments	696,000	Paid in Q2 FY22 (\$546k) and Q3 FY22 (\$116k)
Cash acquired	(58,410)	
Consideration to vendors	10,856,568	
CV1 repayments of bank and shareholder loans	1,782,068	
Total consideration	12,638,636	
Acquisition-related costs expensed (FY21)	733,082	Paid in FY21
Acquisition-related costs expensed (FY22)	349,968	Paid in FY22: Accrued salaries assumed by CV1 as part of acq'n
Total (incl. acq'n-related expenses)	13,721,686	

Source: CV1 announcements

Vendors

The five shareholders of Bright received CV1 shares proportionate to their holdings, namely:

- Jon Birman (30%)
- Petra Nelson (20%)
- Declan Hoare (20%)
- John Shaw (15%)
- West Port Management Pty Ltd as trustee for the Callahan Family Trust (15%).

Clients: Bright's clients include the following 15 large corporates:

Exhibit 41: Bright's large corporate clients

Mining/Resources	Healthcare/ Aged Care/NDIS	Utilities	Retail	Industry networks
BHP (incl WA iron ore)	Hireup	Water Corporation (WA)	Cash Converters	Industry Capability Network
Roy Hill (70% Hancock Prospecting)	Amana Living	Western Power		
Atlas Iron (Hancock Prospecting)	AbilityOptions	Endeavour Energy		
Woodside	Living My Way			
Mineral Resources				
Albemarle (WA)				

Source: CV1 announcements and websites

Bright has previously disclosed that it has ~2,000 business clients.

Bright historic P&L

Bright generated \$4.9m of revenue in FY20 and is high margin both at the gross profit (84% margin) and EBITDA level (35%).

Exhibit 42: Bright historic P&L

\$m	FY19a	FY20a
Sales revenue	5.2	4.9
Gross profit	4.5	4.1
<i>Gross margin</i>	86.5%	83.7%
Other income	0.4	0.5
Operating costs	(3.3)	(2.9)
EBITDA	1.6	1.7
<i>EBITDA margin</i>	30.8%	34.7%

Source: CV1 announcements

Acquisition metrics

The actual consideration equated to 2.6x FY20 and 2.3x FY21 revenue, and 7.4x FY20 and 6.5x FY21 EBITDA.

Exhibit 43: Bright acquisition metrics

	FY20a	FY21a	Multiple - FY20*	Multiple - FY21
Revenue – Bright (\$)	4,900,000	5,530,101	2.6x	2.3x
EBITDA (\$)	1,700,000	1,935,535**	7.4x	6.5x

Source: CV1 announcements, RaaS estimates; *Vs. 3.1x and 9.0x based on 10 February 2021 estimate of \$15.3m consideration; **RaaS estimate assuming 35% EBITDA margin consistent with FY20.

Acquisition - balance sheet impact

CV1 acquired \$10.1m of identifiable intangibles (software and customer contracts and relationships), \$1.1m of other assets (primarily trade receivables which have subsequently been collected), and \$1.87m of liabilities (excluding the bank and shareholder loans that were repaid). The resultant goodwill that arose on acquisition was \$3.3m.

Legacy workforce management software suite – Enable

Bright's Enable suite provides identity and verification (SaV) services, onboarding and induction, deployment and redeployment (including flight and accommodation logistics for FIFO), and ongoing compliance monitoring and management. It has three product offerings:

- **Enable Validate:** Ensures on-site personnel are compliant with site access criteria, approved to mobilise, and recognised upon return to site.
- **Enable Logistics** for complex mobile workforces with multiple sites and roster patterns: Allows real-time bookings for commercial and charter flights, car hire/managed transport, and site or hotel accommodation.

Large WA resources companies are the key current or former (pre-Cited migration) clients for Enable Validate and Enable Logistics.
- **Enable Roster Manager** for SMEs: Mobilisation and online travel booking tool.

Annexure C - Capital Raising History

Exhibit 44: Capital raising history

Date	Type	Capital raised (before costs)	Price	Use of funds
Sept 2013 - March 2014	Seed capital 1	\$1,000,000		Working capital
June 2014	Seed capital 2	\$1,000,000	\$0.10	Working capital
September 2014	Seed capital 3	\$1,000,000	\$0.10	Working capital
May/June 2015	Seed capital 4	\$2,050,000	\$0.16	Redemption of preference shares and IPO preparations
September 2015	IPO	\$9,900,000	\$0.20	Product development, marketing and business growth costs; working capital; offer costs
May 2016	Placement	\$4,300,000	\$0.22	Expansion into NZ market and Australian growth initiatives
July 2016	Placement	\$4,000,000	\$0.13	Growth prospects in Australia and NZ
July 2016	Rights issue	\$1,567,814	\$0.13	Growth prospects in Australia and NZ
November 2018	Placement	\$1,450,000	\$0.0575	Business development, R&D and working capital
August 2019	Placement	\$3,000,000	\$0.16	Business growth and working capital
February 2021	Placement	\$10,500,000	\$0.165	Bright net debt repayments, Bright acquisition integration, transaction costs and working capital
Total:		\$39,767,814		
Total post-IPO:		\$24,817,814		

Source: CV1 announcements

Annexure D – Screening and Verification Services

Exhibit 45: Screening and verification services

	Name of check	Advertised consumer price – CV Check (incl. GST)	Advertised price for B2B - Cited (incl. GST)
Australia			
1	National Police Check*	\$49.90	\$41.50
2	National Police Check - Volunteer		\$24.00
3	Australian Federal Police (AFP) Check	\$88.00	
4	Identity Verification Check		\$10.00
5	Employment Verification	\$44.00	
6	Evidence of COVID-19 Vaccination Check	\$8.80	
7	Streamlined Employment Reference Check	\$16.50	
8	Verified Employment Reference Check	\$38.50	
9	Employment Reference Check		\$65.00
10	VEVO Visa & Work Entitlement Check	\$9.90	\$12.90
11	Work Experience Verification	\$10.95	
12	Workers' Compensation - VIC, NT	\$32.89	
13	Workers' Compensation - WA	\$66.00	
14	Working With Children Check Status	\$32.89	
15	Professional Membership Check	\$32.89	
16	Qualification Check	\$32.89	From \$32.70
17	Australian Banking Association (ABA) Conduct Background Check	\$71.50	
18	AFS Authorised Representative	\$32.89	
19	Anti-Money Laundering	\$38.50	\$25.80
20	Bankruptcy	\$49.50	\$29.70
21	Business Interests	\$76.89	
22	ASIC Banned and Disqualified Persons Check		\$12.90
23	Credit Default	\$32.89	
24	Credit History	\$32.89	From \$33
25	Credit Representative	\$32.89	
26	Financial Regulatory	\$32.89	
27	Global Media Search	\$99.00	
28	Psychometric Assessment (for 46 roles)	\$95- \$295 (role dependent)	
29	Traffic - ACT, QLD, SA, TAS, WA	\$47.30	
30	Traffic - NT	\$82.50	
31	Traffic - VIC (Five Year Driver History)	\$44.00	
32	Traffic - VIC (Current Demerit Points)	\$44.00	
33	Traffic - VIC (Full Driver History)	\$44.00	
34	Traffic - VIC (Licence Verification)	\$44.00	
35	Essential Pre-Employment Medical Check		From \$130.90
36	Standard Pre-Employment Medical Check		From \$207.50
37	Full Pre-Employment Medical Checks		From \$517
38	Drug and Alcohol Screening Check		From \$64.90
39	First Aid Certificate Check		\$32.70
40	High Risk Work Licence Check		\$12.90
41	Non-Destructive Testing Check		\$32.70
42	Working with Children Validity Check		\$8.80
43	Construction White Card Check		From \$12.90
44	Contractor and Tradesperson Licence Check - NSW		\$33.00
45	Driver Licence Check		From \$12.90
46	Plumbing Licence Check		\$12.90
47	Refrigerant Handling Licence Check		\$12.90
48	Queensland Building and Construction Commission (QBCC) check		\$12.90
49	Electrical Workers Licence Check		\$12.90
50	Gas Fitting Licence Check		\$12.90
51	Security and Crowd Controller Licence Check		From \$12.90
52	Registered Health Practitioner (AHPRA) Check		\$12.90
53	IRATA or Rope Access Certificate Check		\$12.90
54	Worker Registration Checks (SA)		\$33.00
55	International: Criminal Record Checks (available for 97 countries/territories)	\$110-\$440 (country dependent)	\$110-\$440 (country dependent)
56	India: Right to Work	\$99.00	
57	International: Employment Verification	\$64.90	
58	International: Streamlined Employment Reference	\$16.50	
59	International: Verified Employment Reference	\$68.20	
60	International: Professional Membership	\$59.90	
61	International: Qualification Check	\$98.89	

	Name of check	Advertised consumer price – CV Check (incl. GST)	Advertised price for B2B - Cited (incl. GST)
62	International: Credit, Financial and Business (available for 54 countries/territories)	\$242.00	
63	International: Anti-Money Laundering	\$38.50	
	New Zealand	NZ\$ Incl GST	
1	Criminal Record and Traffic	\$73.15	
2	Accident Compensation	\$40.25	
3	Employment Court Judgements	\$40.25	
4	Employment Verification	\$46.00	
5	Evidence of COVID-19 Vaccination Check	\$9.78	
6	Identity Check	\$46.00	
7	Immigration Status	\$40.25	
8	Streamlined Employment Reference – Comprehensive	\$17.25	
9	Streamlined Employment Reference – Essentials	\$17.25	
10	Verified Employment Reference - Comprehensive	\$40.25	
11	Verified Employment Reference - Essentials	\$40.25	
12	Professional Membership	\$40.25	
13	Qualification Check	\$40.25	
14	Anti-Money Laundering	\$69.00	
15	Bankruptcy	\$46.00	
16	Court Search	\$46.00	
17	Credit Check	\$46.00	
18	Directorship and Shareholdings	\$46.00	
19	Disqualified Directors	\$46.00	
20	Financial Service Providers Register	\$40.25	
21	Global Media Search	\$103.50	
22	NZ Gazette Online	\$103.50	
23	Personal Property Securities Register	\$51.75	
24	Driving Licence Check	\$40.25	
25	Traffic Demerit Point and Suspensions Report	\$49.45	
26	Existing Children's Workers: Accredited**	\$179.00	
27	Existing Children's Worker: Non-Accredited**	\$136.67	
28	New Children's Worker: Accredited**	\$372.50	
29	New Children's Worker: Non-Accredited**	\$330.17	

Source: CV1 websites

* The results provided on a check will outline whether the applicant has No Disclosable Court Outcomes (NDCO) or Disclosable Court Outcomes (DCO). A check result with a DCO may list the following police information: charges, court convictions, including penalties and sentences, findings of guilt with no conviction, court appearances, good behaviour bonds or other court orders, matters awaiting court hearing, warrants and/or warnings and traffic offences.

A sample result is available at: [National Police Check Online](#) | [National Police Clearance Certificates \(cvcheck.com\)](#).

** In Australia, CV1 is not accredited or authorised to provide the equivalent working with children checks as applications for these checks can only be submitted by the single screening units which have been set up in each state and territory to conduct these checks and issue the resulting cards, registrations or permits. CV1 can only verify whether a person holds a current working with children authorisation. Similarly, National Disability Insurance Scheme (NDIS) worker screening checks can only be submitted by the state/territory based single screening units.

Annexure E – Sample SaV B2B Customers

Exhibit 46: Screening and verification services – sample of B2B customers

Healthcare/aged care/NDIS	Education, childcare	Construction, engineering	Manufacturing
MercyCare	RMIT	WesTrac	Visy Industries
Summerset Group (NZ)	Curtin University	Fletcher Building	Rheinmetall Defence
Mater	Think Childcare	Maas Group	Panasonic
MAX Solutions	G8 Education	Holcim	Downer Defence
Vision Australia		AECOM	Boeing Defence Australia
Kincare		Kone (elevators)	
National Hearing Care		Concept Engineering	
Medibank Private		Boral Victoria	
Sigma Healthcare		AWJ Civil	
Autism WA		Niland Group	
Pfizer			
IDEXX			
Absolute Caring Professionals			
Transport	Mining, energy, resources	Telco, comms and utilities	Aquaculture
TransDev	Chevron	Optus (2 divisions)	Tassal Group
Fastway Couriers	Whitehaven Coal	Alinta Energy	
Chep	Newmont Corporation	Northpower (NZ)	
Geelong Port	Northern Star Resources/ Saracen Minerals	Spark NZ	
LINX Cargo Care Group/C3	St Barbara Ltd	Water NSW	
	Alchmey Resources Ltd	SA Water	
	Magnetite Mines Ltd	Unity Water (Qld)	
	Panoramic Resources Ltd	Amaysim	
	Resolute Mining Ltd	Vodafone Hutchinson	
	Westgold Resources	Speedcast Managed Services	
	Inpex	LAB3 Solutions	
Finance	Other services providers	Retail, food, hospitality, leisure	Labour hire/staffing
BNZ	G4S Australia (security)	Woolworths	Programmed
TSB Bank (NZ)	Absolute Domestics (cleaning)	Flybuys	Adecco
UDC Finance (NZ)	Kennards Hire	Starbucks Australia	Manpower
Rabobank	carsales.com	Baby Bunting	Bluestone Resources Inc
Afterpay	Dye and Durham (legal tech)	Viva Leisure	The Nudge Group
Zip Co	Direct Control Ltd (building tech) (NZ)	Village Roadshow	Aust Personnel Solutions (APS) Group
Laybuy (NZ)	RSM Australia	Crown Perth	Korn Ferry
Openpay	Corrs Chambers Westgarth	Winning Appliances Group	Employment Plus (Salvation Army)
EML Payments	Seven Network	Hugo Boss	
Youi	Relationships Australia WA	Volkswagen	
Harmony (NZ)	Ricoh	Grill'd	
Intesa Sanpaolo		Delaware North	
Reckon		Accolade Wines	
Sage		ASICS	
		Compass Group	
		Porsche Cars Australia	
		New Zealand Football Inc	
		Melbourne Storm	
		Discovery Holiday Parks	
		Warner Bros	
		Sydney Tools	
Govt and local councils	Not for profits	Industry associations	
AFCA	Australian Red Cross	FBAA	
Federal Court of Australia	The Smith Family	Aust Furniture Removers Assoc	
Transport Accident Commission	Wesley Mission	Public Fundraising Regulatory Association - 85 members	
Cenitex (Vic govt department)	Neighbourhood Watch		
Auckland Council (NZ)			
Taranaki Regional Council (NZ)			
Australian Digital Health Agency			
Willoughby Council			

Source: CV1 announcements and website

Annexure F – US Pureplay SaV Peers: March 2022 Quarter Results

First Advantage Corp (FA)

- FA's March 2022 quarter revenue grew 43.8% on the pcg (to US\$190m) comprising **organic revenue growth of 32.6%** and acquisition-related growth of 11.2%.
- Adjusted EBITDA increased 46.5% on the pcg to US\$53.6m.
- March 2022 quarter gross margin was 51% and EBITDA margin was 28%.
- Minor lift in FY22 (31 December) guidance ranges for revenue to US\$820-\$835m, adjusted EBITDA to US\$253-\$259m and adjusted net income to US\$157-\$161m.
- FA made the following comments (emphasis added): *"We delivered exceptional results in the first quarter, as broad-based strength across our key verticals and geographies drove year-over-year revenue growth of 43.8% and Adjusted EBITDA growth of 46.5%".*

"During the quarter, we saw strong momentum from existing customer base growth, new customer additions, and upsell and cross-sell, as well as very high customer retention. Our customers continue to depend on First Advantage to help them hire smarter and onboard faster in a macroeconomic environment where job switching and churn has sustained at high levels. We believe that these are fundamental shifts in how people work and apply for jobs, which creates long-term tailwinds for our business."

Sterling Check Corp (STER)

- STER's March 2022 quarter revenues increased 37.7% on the pcg to US\$192.0m comprising **organic constant currency revenue growth of 30.4%** and acquisition-related revenue growth of 8.0%.
- March 2022 quarter adjusted EBITDA increased 29.4% on the pcg to US\$47.6m and the adjusted EBITDA margin was 24.8%.
- STER increased its FY22 (31 December) guidance ranges to revenue of US\$770-\$780m, adjusted EBITDA of US\$210-\$216m, and adjusted net income of US\$112-\$115m.
- STER made the following comments (emphasis added): *"2022 is off to an excellent start with the first quarter strongly outperforming our initial expectations. We saw broad-based strength in organic constant currency revenue growth as we continue to grow our base business, increase cross-sell and up-sell, win new clients, and maintain industry-leading customer retention rates through a focus on customer service, innovation, and technology. Our commitment to innovative product development is leading to tangible results with clients, and we are seeing great traction in newer solutions such as Identity Verification."*

HireRight Holdings Corp (HRT)

- HRT's March 2022 quarter **revenue was US\$199m, up 33%** on the pcg, reflecting higher volumes and increasing average order values. Its healthcare and technology verticals continued to outpace the market.
- Adjusted EBITDA increased 55% on the pcg to US\$42m driven by improved productivity and operating leverage.
- HRT made the following comments: *"High demand, tight supply and an increasingly mobile or remote workforce provide favorable tailwinds for our industry ... The increase to our 2022 financial outlook underscores the growing momentum of our business."*
- HRT increased its full year guidance for revenue to US\$815-\$825m (12-13% growth on pcg), adjusted EBITDA to US \$188-\$195m (17-22% growth on pcg), and adjusted net income to US\$120-\$130m.

Exhibit 47: Financial Summary

CV Check Ltd						Share price (10 June 2022)						A\$	0.105
Profit and Loss (A\$m)						Interim (A\$m)							
Y/E 30 June	FY20a	FY21a	FY22f	FY23f	FY24f		H1 20a	H2 20a	H1 21a	H2 21a	H1 22a	H2 22f	
Sales Revenue	12.4	17.5	26.2	30.5	37.1	Revenue	6.6	5.8	7.0	10.5	12.8	13.4	
Gross Profit	6.7	10.3	16.7	20.1	25.4	EBITDA	(0.2)	(0.2)	0.6	(0.3)	0.7	0.3	
GP margin %	54.6%	58.8%	63.8%	65.9%	68.5%	EBIT	(0.9)	(0.6)	0.0	(1.1)	(0.6)	(0.9)	
EBITDA	(0.4)	0.2	1.0	2.4	5.2	NPAT (normalised)	(0.9)	(0.4)	0.0	(1.0)	(0.6)	(0.9)	
Depn	(0.3)	(0.3)	(0.2)	(0.2)	(0.1)	Minorities	-	-	-	-	-	-	
Amort	(0.8)	(1.0)	(2.2)	(2.8)	(3.1)	NPAT (reported)	(0.9)	(0.4)	0.0	(1.0)	(0.6)	(0.9)	
EBIT	(1.5)	(1.1)	(1.5)	(0.5)	2.0	EPS (normalised)	(0.30)	(0.13)	0.00	(0.24)	(0.14)	(0.21)	
Interest	(0.0)	0.0	0.0	0.2	0.2	EPS (reported)	(0.30)	(0.13)	0.00	(0.24)	(0.14)	(0.21)	
Tax	0.2	0.0	(0.0)	0.0	0.0	Dividend (cps)	-	-	-	-	-	-	
NPAT pre significant items	(1.3)	(1.0)	(1.5)	(0.4)	2.2	Imputation	-	-	-	-	-	-	
Significant items	0.0	0.0	0.0	0.0	0.0	Operating cash flow	0.1	(0.6)	0.9	0.2	1.2	1.4	
NPAT (reported)	(1.3)	(1.0)	(1.5)	(0.4)	2.2	Free Cash flow	(0.4)	(1.1)	0.4	(0.3)	0.1	0.1	
NPATA (ex Bright amort)	(1.3)	(0.7)	(0.3)	0.8	3.4	Divisions							
Cash flow (A\$m)							H1 20a	H2 20a	H1 21a	H2 21a	H1 22a	H2 22f	
Y/E 30 June	FY20a	FY21a	FY22f	FY23f	FY24f								
EBITDA	(0.4)	0.2	1.0	2.4	5.2	SaV - CVCheck Platform	6.6	5.8	7.0	9.1	9.9	10.5	
Interest	(0.0)	0.0	0.0	0.2	0.2	SaaS revenue - Cited	na	na	na	0.6	1.2	1.2	
Tax	0.4	0.8	(0.1)	(0.1)	(0.1)	Bright/Cited - Transactional	na	na	na	0.8	1.7	1.7	
Work cap chgs/share pymts	(0.5)	(0.1)	1.7	0.1	(0.2)	Sales revenue	6.6	5.8	7.0	10.5	12.8	13.4	
Operating cash flow	(0.5)	1.0	2.6	2.5	5.0	COGS	(2.9)	(2.7)	(3.1)	(4.1)	(4.7)	(4.9)	
Capex	(0.0)	(0.0)	(0.2)	(0.1)	(0.1)	Gross Profit	3.7	3.1	3.9	6.4	8.2	8.6	
Cap dev costs	(1.0)	(0.9)	(2.3)	(2.3)	(2.4)	GP margin %	55.5%	53.4%	55.8%	60.7%	63.7%	63.9%	
Free cash flow	(1.5)	0.1	0.1	0.1	2.6	Employment	(2.7)	(2.3)	(2.7)	(3.7)	(5.0)	(5.2)	
Acquisitions	0.0	(1.8)	(0.7)	0.0	0.0	Marketing	(0.5)	(0.4)	(0.5)	(0.7)	(0.8)	(1.4)	
Other	0.1	(0.1)	(0.0)	0.0	0.0	IT	0.0	(0.5)	(0.2)	(0.3)	(0.6)	(0.7)	
Cash flow pre financing	(1.3)	(1.8)	(0.5)	0.1	2.6	Other costs	(0.9)	(0.2)	(0.6)	(1.8)	(1.0)	(1.1)	
Equity	2.9	9.9	0.0	0.0	0.0	Other income (gov grants)	0.2	0.3	0.6	(0.1)	0.0	0.0	
Debt	0.0	0.0	(0.1)	0.0	0.0	EBITDA	(0.2)	(0.2)	0.6	(0.3)	0.7	0.3	
Dividends paid	0.0	0.0	0.0	0.0	0.0	Margins, Leverage, Returns							
Net cash flow for year	1.5	8.2	(0.7)	0.1	2.6		FY20a	FY21a	FY22f	FY23f	FY24f		
Balance sheet (A\$m)						EBITDA margin		(3.0%)	1.4%	3.7%	8.0%	14.0%	
Y/E 30 June	FY20a	FY21a	FY22f	FY23f	FY24f	EBIT margin		(11.8%)	(6.1%)	(5.8%)	(1.8%)	5.4%	
Cash	4.6	12.9	12.3	12.4	15.0	NPAT margin pre sig items		(10.1%)	(5.8%)	(5.8%)	(1.2%)	5.8%	
Accounts receivable	0.7	2.8	1.9	2.1	2.6	Net Debt/(Cash)		(4.6)	(12.9)	(12.3)	(12.4)	(15.0)	
Inventory	0.0	0.0	0.0	0.0	0.0	Net debt/EBITDA (x)		nm	nm	nm	nm	nm	
Other current assets	0.7	0.6	0.7	0.7	0.7	ND/ND+Equity (%)		nm	nm	nm	nm	nm	
Total current assets	6.0	16.3	14.9	15.2	18.3	EBIT interest cover (x)		nm	nm	nm	nm	nm	
PPE	0.4	0.3	0.3	0.2	0.2	ROA		(17.0%)	(5.1%)	(4.8%)	(1.7%)	6.2%	
Goodwill	1.4	4.7	4.8	4.8	4.8	ROE		(22.3%)	(6.2%)	(6.0%)	(1.5%)	8.4%	
Intangibles	1.5	11.2	11.3	10.8	10.1	ROIC		(19.6%)	(4.7%)	(5.2%)	(2.2%)	7.3%	
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	NTA (per share)		0.01	0.02	0.02	0.02	0.03	
Other non current assets	0.0	0.0	0.0	0.0	0.0	Working capital		(0.3)	1.7	(0.1)	(0.2)	0.0	
Total non current assets	3.3	16.2	16.4	15.8	15.1	WC/Sales (%)		(2.2%)	9.8%	(0.4%)	(0.5%)	0.0%	
Total Assets	9.2	32.5	31.3	31.1	33.4	Revenue growth (%)		(1.2%)	41.3%	50.2%	16.0%	21.8%	
Accounts payable	1.0	1.1	2.0	2.3	2.6	EBIT growth (%)		nm	nm	nm	nm	nm	
Short term debt	0.0	0.0	0.0	0.0	0.0	Pricing							
Contract liabilities	0.3	0.6	1.0	1.0	1.0		FY20a	FY21a	FY22f	FY23f	FY24f		
Other current liabilities	1.5	4.6	3.0	2.9	2.7	No of shares (y/e)	(m)	292	429	434	434	434	
Total current liabilities	2.7	6.3	6.0	6.2	6.3	Weighted Av Dil Shares	(m)	289	333	434	434	434	
Long term debt	0.0	0.0	0.0	0.0	0.0	EPS Normalised/Diluted	cps	(0.4)	(0.3)	(0.3)	(0.1)	0.5	
Other non current liabs	0.1	0.0	0.2	0.2	0.2	EPS growth (norm/dil)		nm	nm	nm	nm	nm	
Total long term liabilities	0.1	0.0	0.2	0.2	0.2	PE (x)		nm	nm	nm	nm	21.4	
Total Liabilities	2.8	6.3	6.2	6.4	6.5	DPS	cps	-	-	-	-	-	
Net Assets	6.4	26.2	25.1	24.7	26.9	DPS Growth		na	na	na	na	na	
Share capital	27.3	47.2	47.9	47.9	47.9	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	
Retained earnings	(21.1)	(22.1)	(23.4)	(23.7)	(21.6)	Dividend imputation		na	na	na	na	na	
Reserves	0.2	1.1	0.5	0.5	0.5	EV/Revenue (x)		2.1	1.8	1.3	1.1	0.8	
Minorities	0.0	0.0	0.0	0.0	0.0	EV/EBITDA (x)		nm	132.7	34.0	13.7	5.9	
Total Shareholder funds	6.4	26.2	25.1	24.7	26.9	FCF/Share	cps	(0.51)	0.03	0.03	0.03	0.60	
						Price/FCF share (x)		nm	372	322	367	17.5	
						Free Cash flow Yield		(4.8%)	0.3%	0.3%	0.3%	5.7%	

Source: Company data, RaaS Advisory estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR. This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

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RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

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Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

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We may also receive a fee for our dealing service, from the company issuing the securities.

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Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorised representatives.

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The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

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