

CV1 to acquire Bright People Technologies and completes \$10.5 million placement to institutional and sophisticated investors

Highlights

- CV1 to acquire Bright People Technologies (“**Bright**”), a cloud-based workforce credentials and compliance software company, operating under a Software as a Service (“**SaaS**”) business model
- Acquisition Enterprise Value of \$15.3m¹, with \$12.0m in scrip issued at completion and to be held in voluntary escrow until 31 December 2022
- The combination of CV1 and Bright will create a credentials-based workforce management capability built on Bright’s workforce compliance strength and the CVCheck platform’s highly automated verification workflows and HRIS integrations
- In FY20², Bright generated revenues of \$4.9m, 85% gross margin and EBITDA of \$1.7m
- Bright’s clients include BHP, Roy Hill, Woodside, Atlas Iron, WaterCorp and the NT Government
- Bright’s Chairman and largest shareholder, Mr Jon Birman, will be appointed to the CV1 board as a Non-Executive Director and Bright Executives, Petra Nelson and Declan Hoare, will join the CV1 Executive Management Team
- The transaction is conditional on CV1 shareholder approval, certain conditions precedent and customary closing conditions
- CV1’s largest shareholder, the Carolan Family (~16%³), have given a statement that they currently intend to vote in favour of the acquisition
- \$10.5m (before costs) raised through a strongly supported share placement to institutional and sophisticated investors (“**Placement**”)

Overview

Leading online integrated screening and verification company, CV Check Limited (ASX: CV1) (“**CV1**” or “**the Company**”) is pleased to announce that, through its wholly owned subsidiary (Credentials Management Information Systems Pty Ltd), it has entered into a binding Share Purchase Agreement (“**SPA**”) with the shareholders of Cl6 Pty Ltd to acquire 100% of the issued capital of Cl6 Pty Ltd, an entity that owns 100% of Bright People Technologies Pty Ltd and associated group entities.

¹ Based on ~73.0m Consideration Shares plus repayment of Bright net debts up to \$3.25m and assuming the Placement issue price of \$0.165 per share.

² Based on Bright’s Special Purpose unaudited accounts. EBITDA adjusted from Special Purpose unaudited accounts to align with expected CV1 accounting treatment per AASB.

³ Carolan Family interest today. The Carolan Family’s interest in CV1 will reduce to ~13% on completion of the Placement and will further reduce to ~11% on completion of the acquisition.

About Bright People Technologies

Established in 2002, Bright is a SaaS cloud-based provider of workforce credentials and compliance software through the Enable and Cited brands.

Enable Enterprise (Bright’s founding product) allows operators and contractors to run workforce compliance end-to-end, including:

- Identity and verification
- Onboarding and induction
- Deployment and re-deployment (logistics such as booking flights and accommodation)
- Ongoing compliance monitoring and management

Recently, Bright reimagined the system and built its next generation platform, Cited.

In FY20⁴, Bright generated revenues of \$4.9m, 85% gross margin and EBITDA of \$1.7m. Bright’s current clients include BHP, Roy Hill, Woodside, Atlas Iron, WaterCorp and the NT Government.

Bright generates revenues via monthly SaaS license fees. Additional revenue is generated via transactional fees (e.g. where a client completes verification checks or bookings).

Strategic Rationale

The combination of CV1 and Bright will create a credentials-based workforce management capability built on Bright’s workforce compliance strength and the CVCheck platform’s highly automated verification workflows and HRIS integrations.

Accelerates strategic technology roadmap	<ul style="list-style-type: none"> ✓ Acquisition accelerates CV1’s roadmap by combining its screening solutions with Bright’s credentials-based workforce management platform ✓ Creates an end-to-end workforce credentials management capability to better serve evolving customer needs
Broader, complementary product offering	<ul style="list-style-type: none"> ✓ Transaction adds digital credentials, compliance solutions and workforce management capability ✓ Adds complementary background screening and verification products ✓ Solidifies CV1’s market leading position and further differentiates its product offering ✓ Expands revenue potential through new sales and cross-sell opportunity to existing customers
Blue chip clients	<ul style="list-style-type: none"> ✓ Current clients of Bright include BHP, Roy Hill, Woodside, Atlas Iron, WaterCorp and the NT Government ✓ Bright’s client segments are generally complementary to CV1’s
Positive financial impact	<ul style="list-style-type: none"> ✓ Transaction adds SaaS and recurring transaction revenues of \$4.9m, with 85% GP margin and FY20 EBITDA of \$1.7m ✓ \$15.3m Enterprise Value represents ~3.1x EV/Revenue multiple ✓ Increases scale of CV1 with pro-forma MergeCo revenues of ~\$17.3m ✓ Potential for global extension of the SaaS model
Synergies	<ul style="list-style-type: none"> ✓ Innovation and growth by combining scale, technical capabilities and experience of both teams ✓ Benefit from resulting cost efficiencies, shared functions and facilities savings

CV1 Chairman, Ivan Gustavino, commented, "Bright is an excellent strategic fit to CV1. Combining our complementary platforms and products will create a credentials-based workforce management capability to address growing demands from our existing and future customers. In addition to the obvious synergies of

⁴ Based on Bright’s Special Purpose unaudited accounts. EBITDA adjusted from Special Purpose unaudited accounts to align with expected CV1 accounting treatment per AASB.

combining the two companies, technical capabilities and experience of both teams, it will also see CV1 expand by adding accretive SaaS based revenues. This is truly transformative."

Bright Chairman, Jon Birman, commented, "On the back of servicing some of Australia's largest resource sector organisations for 15 years, Bright has spent the last 3 years heavily invested in the development of a new credential and workforce management platform. The union with CV1 delivers superior market access with contemporary and proven technology, positioning the combined entity perfectly for rapid local and international growth".

Acquisition Terms

In consideration for the acquisition of 100% of the issued capital of Cl6 Pty Ltd, the Company has agreed to:

- 1) issue ~73.0 million CV1 fully paid ordinary shares at completion ("**Consideration Shares**"); and
- 2) pay Bright's net debts up to \$3.25m.

Consideration Shares are to be held in voluntary escrow until 31 December 2022.

Conditions Precedent:

The closing of the acquisition under the SPA is subject to certain conditions precedent, including but not limited to those set out below, being satisfied or waived by the Company:

- The approval of the Company's shareholders to the issue of the Consideration Shares to be issued to the vendors of Bright;
- Completion of due diligence by the Company on Bright's ANZ debt facilities;
- Australian Criminal Intelligence Commission's approval to the change of control of Bright;
- There being no material adverse change or prescribed occurrence; and
- Other customary closing conditions precedent.

CV1's largest shareholder, the Carolan Family (~16%), have given a statement that they currently intend to vote in favour of the acquisition.

Bright Team

Appointment of Mr Jon Birman as a Non-Executive Director of CV1

Bright's current chairman and largest shareholder, Mr Jon Birman will be appointed to the CV1 board as a non-executive director as part of the transaction.

Mr Birman has a wealth of experience including previously having been the inaugural Chief Executive Officer of UGL Resources Pty Ltd (a subsidiary of previously listed UGL Group Limited). As CEO of UGL Resources, he helped grow the business from inception to \$1 billion in revenues. Jon's experience and entrepreneurship will bring depth and complementary skills to CV1's current board members. Jon has a Bachelor of Arts (Politics & Industrial Relations) from the University of Western Australia.

Jon (and his associated entities) is expected to hold ~5.1% of CV1 following completion of the acquisition.

Petra Nelson and Declan Hoare to join the CV1 Executive Management Team

Bright's current Directors, Petra Nelson and Declan Hoare, will join the CV1 Executive Management Team.

Petra Nelson and Declan Hoare (and their associated entities) combined own ~40% of Bright and are expected to hold ~3.4% each of CV1 following completion of the acquisition.

As part of the transaction, Bright's ~30 staff will continue with the combined entity.

The vendors of Bright are expected to hold ~17% of CV1 in aggregate following completion of the acquisition.

Capital Raising

CV1 is also pleased to announce the completion of a \$10.5 million (before costs) placement ("**Placement**") of new fully paid ordinary shares ("**New Shares**") at an issue price of \$0.165 per New Share. The Placement was well supported by new and existing institutional investors, including CV1's largest institutional investor, Australian Ethical Investment Limited.

The issue price of \$0.165 per New Share represented a 5.7% discount to the last closing price of \$0.175 on 5 February 2021, a 1% discount to the 5-day VWAP, and a 4.9% discount to the 15-day VWAP up to and including 5 February 2021.

The Placement will result in the issue of approximately 63.6 million New Shares which will rank equally with existing CV1 Shares. The New Shares (other than in respect of the Related Party Participation detailed below) will be issued utilising the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. The Company expects to issue the New Shares under the Placement (other than in respect of the Related Party Participation) on or around 18 February 2021.

The use of proceeds from the Placement is detailed in the CV1 presentation released with this announcement.

CV1 Non-Executive Director, George Cameron-Dow, subscribed for \$100,000 as part of the Placement (**Related Party Participation**). As per the requirements of the ASX Listing Rules, the Related Party Participation is subject to shareholder approval.

Shaw & Partners Limited and Ashanti Capital Pty Ltd acted as Joint Lead Managers to the Placement and will receive a fee of 5% (excluding GST) of the total funds raised pursuant to the Placement. In addition, the Joint Lead Managers will also receive a total of 4,500,000 unlisted options (**Options**) exercisable at 37.1 cents per Option on or before 18 February 2024. The Options will be issued utilising CV1's existing placement capacity under ASX Listing Rule 7.1.

Advisers

For the acquisition, Sternship Advisers acted as financial adviser and Steinepreis Paganin acted as legal adviser to CV1.

Timetable

The indicative transaction timetable for the acquisition and the Placement is set out below:

Event	Date
Transaction announced and CV1 resumes trading on ASX	Wednesday 10th February
Settlement of New Shares under Placement	Wednesday 17th February
Allotment and normal trading of New Shares under Placement	Thursday 18th February
Notice of Meeting expected to be sent to CV1 shareholders	Late February / early March 2021
CV1 shareholder meeting	Early April 2021
Completion of acquisition	Mid April 2021
Issue of Consideration Shares to vendors of Bright	Mid April 2021

Note: The above timetable is indicative only and subject to change without notice.

-ENDS-

Announcement released with authority of CV1's Board of Directors.

For further information, please contact:

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About CV Check Limited

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