

## Appendix 4E

### Final Report – 30 June 2021

Name of Entity:	CV Check Limited
ABN:	25 111 728 842
Reporting Period:	Financial year ended 30 June 2021
Previous Reporting Period:	Financial year ended 30 June 2020

This report has been prepared in compliance with ASX Listing Rule 4.3A.

**Pursuant to ASX Listing Rule 4.3A, the Company makes the following statement:**

The financial statements contained in the Appendix 4E are based on Annual Report which has been audited. The Annual Report is lodged as an attachment to the 4E.

### Results for announcement to the market

This information should be read in conjunction with the annual report and any announcements to the market by CV Check Limited during the year.

Revenue from ordinary activities	Up	41%	to	\$17,477,084
Loss from ordinary activities after tax attributable to members	Down	20%	to	(\$1,008,141)
Net loss for the year attributable to members	Down	20%	to	(\$1,008,141)

#### Brief explanation of figures reported above

Despite the challenges presented by COVID-19, the company remained focused on driving business customer growth through both direct sales and integrations, and the strategic acquisition of complementary entities, enabled the continued delivery of high-quality revenues. Overall CVCheck delivered annual revenue from ordinary activities higher at \$16,071,473 (FY2020: \$12,367,466), complemented by an additional \$1,405,611 from acquired entities in quarter 4. Annual Recurring Revenue ('ARR') generated from the pre-existing business rose to \$13,262,264 as at 30 June 2021 (FY2020: \$9,546,132).

#### Dividends

No dividends have been paid or declared for the year ended 30 June 2021 (30 June 2020 – Nil).

#### Net Tangible Assets

	30 June 2021	30 June 2020
Net Tangible Assets	\$14,987,375	\$3,526,516
Shares (No.)	428,826,741	292,197,676
Net Tangible Assets Per Share – (Cents)	3.5	1.2

## Loss per Share

	30 June 2021	30 June 2020
Basic loss per share (cents)	(0.30)	(0.43)
Diluted loss per share (cents)	(0.30)	(0.43)

## Control gained over entities

Name of entity	CI6 Pty Ltd & associated entities	Nil
Date control gained	6 April 2021	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	Refer to Note 21	N/A

## Audit of Accounts

The financial statements contained in the Appendix 4E are based on the Annual Report 2021 which has been audited and attached to this document.

## Attachments

CV Check Limited Annual Final Report for the year ended 30 June 2021.

### Ivan Gustavino

Executive Chairman

26 August 2021

For personal use only



CV Check Limited  
Annual Report  
**2021**

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# Company Directory

## AUSTRALIAN COMPANY NUMBER

111 728 842

CV Check Limited is a Public Company, domiciled in Australia.

## DIRECTORS

### Non-Executive:

George Cameron-Dow

Oliver Stewart

Jon Birman

### Executive:

Ivan Gustavino

## COMPANY SECRETARY

Craig Sharp

## WEBSITE

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

## REGISTERED OFFICE

The Garden Office Park Level 2, Building E

355 Scarborough Beach Road

Osborne Park, WA 6017

Telephone: (+ 61) 8 9388 3000

## SECURITIES QUOTED

Australian Securities Exchange

428,826,741 - Ordinary Fully Paid Shares (Code: CV1)

## SHARE REGISTRY

Automatic Pty Ltd

Level 2, 267 St Georges Terrace

Perth, WA, 6000 Australia

## AUDITOR

RSM Australia Partners

Level 32, Exchange Tower, 2 The Esplanade

Perth, WA, 6000 Australia

## SOLICITOR

Steinepreis Paganin

Level 4, 16 Milligan St

The Read Buildings

Perth, WA, 6000 Australia

# Executive Chairman's Report

On behalf of the CVCheck board of directors, I am pleased to present the Company's Annual Report for the 2021 financial year ('FY2021').

## Highlights

- Record Company revenue generated in FY2021. Improvement of 41% year on year including revenue generated from acquired entities.
- Acquisition of Bright People Technologies represents a key inflection point in the strategic direction of the Company.
- Appointment of Michael Ivanchenko in the role of Chief Executive Officer is the final key piece to set CVCheck up to become a leading player in the global Regulatory Technology ('Reg Tech') space.
- Demonstrated continuous improvement in size and quality of revenues including 39% year on year ARR uplift.

## Repositioning of the business and delivering on our growth strategy

I am proud to say that, emerging from an extremely challenging year in good shape, CVCheck delivered solid achievements and is uniquely placed to build on its success.

FY2021 was an immensely challenging year: The continued disruptive effects of the COVID-19 pandemic and government response measures presented challenges internally (in managing the effects on our own workforce) and externally (causing uncertainty in our markets). Those disruptive effects have not abated, and look set to continue into the current financial year.

In the midst of that disruption, the Company took on its own challenges as it embraced change - completing the acquisition of the business of Bright People Technologies Pty Ltd ('BPT'), embarking on an integration of the two businesses, merging its management structures, beginning a process of consolidating its technology platforms, and setting itself to become an international Reg Tech company. At the same time, CVCheck's long-standing Chief Executive Officer ('CEO') stood down and the business undertook a nationwide search for its new CEO.

Notwithstanding the width of the challenge thrown to it, the Company has delivered on the goals set by the board: growing revenue and ARR from the core CVCheck platform business; maintaining transaction and SaaS revenue from the newly acquired BPT platforms; completing the first phases of the planned integration of the businesses; and planning for the medium to long-term consolidation of the technology stacks. The board has also announced that Michael Ivanchenko will commence as CVCheck CEO from 30 August 2021.

Michael's appointment represents the last key piece CVCheck needs to set itself to become a leading player in the global Reg Tech space.

## Acquisition of BPT

On 10 February 2021 the Company announced that, through its wholly owned subsidiary (Credentials Management Information Systems Pty Ltd), it had 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 BPT and associated group entities. BPT is a software as a service ('SaaS') cloud-based provider of workforce credentials and compliance software.

The combination of CVCheck and BPT creates a credentials-based workforce management capability built on Bright's workforce compliance strength and CVCheck platform's highly automated verification workflows and Human Resource Information System integrations. On 31 March 2021 the Company's shareholders overwhelmingly approved the acquisition of BPT at a general meeting. Pursuant to the SPA, after shareholder approval:

- 72,992,701 fully paid ordinary shares in CVCheck (Consideration Shares) were issued (deemed issue price of \$0.137 per share) to the vendors of BPT; and
- CVCheck agreed to settle BPT's net debts up to \$3,250,000.

The acquisition of BPT was completed in Q4 FY2021 with the Consideration Shares issued in early April and subject to voluntary escrow until 31 December 2022. Some payments in respect of the acquisition are yet to be made.

## Share Placement

On 18 February 2021, CVCheck successfully completed a \$10,500,000 (before costs) share placement ('Placement'), which was strongly supported by institutional and sophisticated investors. The Placement resulted in the issue of 63,636,364 fully paid ordinary shares ('Placement Shares') in the Company at an issue price of \$0.165 per Placement Share. The Placement included the issue, approved by shareholders at the general meeting held on 31 March, of 606,061 Placement Shares to the nominee of non-executive director Mr George Cameron-Dow, who subscribed for \$100,000 pursuant to the Placement. The Placement Shares issued to Mr Cameron-Dow's nominee were issued in April 2021.

Shaw & Partners Limited and Ashanti Capital Pty Ltd acted as Joint Lead Managers to the Placement and received a fee of 5% (excluding GST) of the total funds raised pursuant to the Placement. In addition, the Joint Lead Managers received a total of 4,500,000 unlisted options exercisable at 37.1 cents per option on or before 18 February 2024.

The Placement Shares and options issued to the Joint Lead Managers were issued using the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

## Executive Chairman's Report continued

### Group financial performance

The business remained resilient, with booked revenue for the year of \$17,477,084, an improvement of 41% year on year. We realised a Net Comprehensive Loss for the year of \$ 926,616 (FY2020: \$1,358,464), which included non-recurring expenditure relating to the acquisition of BPT of \$733,082.

The Company ended the year with a strong cash balance of \$12,905,805, which included the capital raise in February 2021 of \$9,949,776 net of costs. A positive net cash inflow from operating activities of \$1,045,439, compared to prior year negative net cash used in operating activities of (\$483,876).

CVCheck has no external financing debt.

### CVCheck Division performance

Notwithstanding the BPT acquisition being negotiated and finalised through Q2 and Q3 of the financial year, CVCheck management was tasked by the board with continuing to grow business-as-usual revenue through the CVCheck platform. Consequently, as the Australian and New Zealand economies continued a stellar recovery from the impact of the COVID-19 pandemic, the CVCheck platform solidified its leading position in the on-line verification market with record revenue growth through FY2021.

The CVCheck platform generated \$16,071,473 in revenue through FY2021, (30% growth on FY2020). As at 30 June 2021, ARR on the platform had grown 39% to \$13,262,264 (FY2020: \$9,546,132), reflecting the continuous improvement in the overall quality of the Company's revenues.

These excellent results were achieved through an ongoing focus on the objectives identified in last year's annual report and many other investor communications: supporting sales, marketing and account maintenance teams to focus on both the large business segment and the lower touch SME business segment; targeted integrations with Human Resources Information System ('HRIS') and other Human Resource technology platforms; initiatives to support check diversification away from predominantly police check sales; key partnerships; white label features to support enterprise sales; commercialisation of white label solutions for inbound international customers (being international screening organisations); and increasing automation and a focus on customer experience to increase the profitability of the important individual customer segment.

Growth was achieved in the Australian and New Zealand markets.

### BPT Division performance

In the single quarter in which BPT formed part of the CVCheck group, BPT platforms generated \$1,405,611 in revenue. Of this revenue, \$573,255 (40.8%) is license, or SaaS revenue.

The BPT business brings with it a relatively small number of blue-chip clients, such as BHP, Woodside Energy and Cash Converters. A key objective over the coming financial year is to introduce some of the thousands of corporate clients in CVCheck's platform base to the services and opportunities available through the BPT platform, and so grow the volume of SaaS revenue.

### Technology

During the year, in addition to extending and enhancing the CVCheck platform API capability, significant work was undertaken developing and commencing the rollout of automated verification processes. These have been rolled out and expect ongoing efficiency gains.

In acknowledgement of the increasing security threat of cyber-attacks, we have also been focused on enhancing our technical security defenses and protocols and to that end successfully completed the full accreditation for ISO 27001.

Quarter 4 FY2021 saw the completion of the Bright acquisition and the integration of technical teams to begin executing the integration plan.

The combining of the respective teams has immediately enabled us to increase the resources working on activities focused on the business consolidating onto one technology stack and identifying those CVCheck customers who can immediately benefit from the features introduced within the BPT platforms.

We are well on track to roll out enhanced monitored compliance features as part of upgrades to the BPT platforms, which offer significant benefits to licensed based existing and target clients.

### Changes to Board & Leadership Team

At the 2020 AGM, the members elected Oliver Stewart to the board of CVCheck as a non-executive director. Oliver was appointed with effect from 4 November 2020. Following the BPT acquisition, Jon Birman, formerly the chairman of BPT, joined the board of CVCheck as non-executive director. Jon was appointed with effect from 3 May 2021.

In April 2021, the Company's CEO, Rod Sherwood, chose to step down from his role for personal reasons. On behalf of the Company, I would like to acknowledge and thank Rod for his many years of service, as Treasurer, Chief Financial Officer and then Chief Executive Officer, in growing CVCheck from its early days, through Initial Public Offering to becoming a leading screening and verification provider across Australia and New Zealand. We wish him well in his future endeavours.

## Executive Chairman's Report continued

After Rod's decision, the board immediately engaged a specialist search firm to assist with sourcing the best available candidate for his replacement. After an extensive search and reviewing an excellent field of candidates from around the country, the Company was delighted to announce the appointment of Michael Ivanchenko to the role.

Michael 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 business-to-business ('B2B') and business-to-consumer ('B2C') technology sectors. On a global scale, he has led product and sales teams across Asia-Pacific, the US and Europe. Michael 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. We are incredibly excited to have Michael join at this significant inflection point in the Company's journey to becoming a key player in the global Reg Tech market.

In FY2021, as the BPT acquisition neared completion, the Board reviewed the Company's organisational structure and considered the optimal senior leadership structure to support the Company's future strategic and revenue growth opportunities. Following this review, the Company appointed an executive group of four to report to the new CEO and assist in leading the Company. From the BPT side of the business, Petra Nelson as Chief Customer Officer and Declan Hoare as Chief Technology Officer join the CVCheck executives Jason Margach as Chief Operating Officer and Craig Sharp as General Counsel and Company Secretary. The Board sees the investment in these roles as essential to the creation and implementation of revenue strategies and operational efficiencies, ensuring the long-term sustainability of the Company and maintaining the highest level of governance.

### Macro drivers and Outlook for FY2022

The key macro drivers that have underpinned the company's success to date continue to play out through the world economy:

- The shift to a digitally delivered service-based economy continues apace, both here in the Australasian region and around the globe. Additionally, the global pandemic has shown a need for companies to demonstrate agility and to provide their services remotely;
- As much as ever, companies need to know with accuracy, the capability sets of their own people and those seeking to join them;
- The push for confidence in compliance frameworks, increasingly coming as much from boards and other leaders concerned with risk management as it does from governments and regulators.

CVCheck emerges from another turbulent year well positioned to deliver on the strategic goal of becoming an international company in the growing Reg Tech space. With record domestic revenues, a proven record as a trusted background screening provider, an extensive existing client base, new technology and a new and enthusiastic CEO taking the reins, the future looks exciting. We look forward to updating our shareholders on our continued progress along our journey.

### Our Valued Stakeholders

On behalf of the Board, I would like to express our gratitude to our amazing employees who remained resilient during difficult times and were able to serve our valued customers who continued to trust in our products and services. And, most importantly to our valued shareholders who continued to support the company as we evolve, grow and execute our vision.

**Ivan Gustavino**

Executive Chairman

## Directors' Report

The Directors present their financial report of the consolidated entity ('the Group'), being CV Check Limited ('the Company' or 'CVCheck') and its controlled entities, for the year ended 30 June 2021 and the auditor's report.

### Directors

The following persons were Directors of the Company for the entire financial year and up to the date of this report, unless otherwise stated.

#### Ivan Gustavino

##### Executive Chair

(Non-executive director to 16 April 2021; Executive Chair from 17 April 2021)

##### Appointed to the Board

13 August 2018

##### Qualifications

Bachelor of Business

##### Experience

Ivan has over 25 years' experience developing global technology businesses, including vast experience in leading, advising and investing in high growth technology businesses.

Ivan is one of Australia's leading corporate advisors specialising in advising technology companies on growth, mergers and acquisitions. Ivan is the Managing Director of Atrico Pty Ltd and Director of Asia Tech Pty Ltd and Gustavino Capital Pty Ltd. Ivan is a related party to Gusfam Pty Ltd ATF Gusfam Trust.

##### Interest in shares and options

Direct: Nil.

Indirect: 919,565 ordinary shares<sup>1</sup>.

##### Directorships held in other public entities

Non-Executive Director of Imdex Limited.

##### Other public company directorships held during the past 3 years

Nil

<sup>1</sup> 10,000,000 unlisted options expired unexercised on 13 August 2021.



#### George Cameron-Dow

##### Non-Executive Director

##### Appointed to the Board

16 February 2017

##### Qualifications

Master of Management (cum laude), Stanford Executive Program, Graduate Fellow of the Australian Institute of Company Directors

##### Experience

George 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 health care 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.

George is a director for Omni Innovation Pty Ltd and controller and beneficiary of Dhow Nominees Pty Ltd ATF Dhow Trust.

##### Interest in shares and options

Direct: Nil.

Indirect: 806,061 ordinary shares

##### Directorships held in other public entities

Non-Executive Director and Chair of Eve Investments Limited.

##### Other public company directorships held during the past 3 years

Nil



## Directors' Report continued

### Oliver Stewart

Non-Executive Director

#### Appointed to the Board

4 November 2020

#### Qualifications

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

#### Experience

Oliver has over 15 years' experience in helping businesses drive sustainable long-term growth through Customer and Loyalty Marketing.

Oliver's core competencies include strategic planning to maximise customer lifetime value across multiple product sets, marketing and sales channels. Oliver is currently a Director and Customer Marketing Specialist with AM-i Customer Engagement Agency. He has also held senior roles at Foxtel, Qantas Frequent Flyer, Lavender, and M&C Saatchi.

#### Interest in shares and options

Direct: Nil.

Indirect: 2,668,000 fully paid ordinary shares.

#### Directorships held in other public entities

Nil

#### Other public company directorships held during the past 3 years

Nil.



### Jon Birman

Non-Executive Director

#### Appointed to the Board

3 May 2021

#### Qualifications

Bachelor of Arts (Politics & Industrial Relations)

#### Experience

Jon has 30 years in business creation, strategy, and executive leadership.

Jon was formerly Chief Executive of UGL Resources and Group and General Manager of UGL. His previous serving roles include Deputy Project Director of in Kellogg Joint Venture, managing contracts and the LNG train for Mega Project; and Vice President for International Operations of Kaiser Engineering.

Jon's core competencies include strategy, human capital, risk management, HSSE and finance.

#### Interest in shares and options

Direct: Nil.

Indirect: 21,897,811 fully paid ordinary shares (subject to voluntary escrow until 31 December 2022)

#### Directorships held in other public entities

Nil.

#### Other public company directorships held during the past 3 year

Nil.



## Directors' Report continued

### Rod Sherwood

Director, Chief Executive Officer

**Resigned as Director**

17 April 2021

**Resigned as Chief Executive Officer**

16 July 2021



#### Qualifications

Bachelor of Business, Fellow of the Association of Corporate Treasurers

#### Experience

On 2 November 2016, Rod was appointed Group Chief Executive Officer.

Rod has led and managed the corporate relations and finance areas for the Company since October 2011. Over that time, there has been a number of successful funding rounds, including the Company's Initial Public Offering and admission to the Australian Securities Exchange's Official List in September 2015 and various placements in 2016, 2018 and 2019.

Rod's career began in Australia with National Australia Bank in the early 1980s before moving to Europe where he was formative in the development of Elsevier Finance SA in Switzerland, which became Reed Elsevier's principal corporate treasury centre globally with over \$11 billion of assets. During 2009, Rod returned to Australia to establish his consultancy business, Hamelin34 Corporate Treasury Services.

#### Interest in shares and options

Direct: 8,501,392 ordinary shares and 3,870,000 options over ordinary shares<sup>2</sup>

Indirect: 5,574,594 fully paid ordinary shares.

#### Directorships held in other public entities

Nil

#### Other public company directorships held during the past 3 years

Nil.

<sup>2</sup> Options unlisted. 750,000 options due to expire on 12 December 2021; 1,365,000 options due to expire on 11 November 2022, and 1,755,000 options due to expire on 11 May 2023

## Directors' Report continued

### Company Secretary

#### Jenny Cutri

Chief Compliance Officer &  
Company Secretary



#### Resigned as Company Secretary

3 June 2021

#### Qualifications and Experience

Jenny is an experienced compliance specialist and lawyer with over 25 years' experience in both the private and public sectors. Jenny is also the Company's Chief Compliance Officer.

Jenny's qualifications include a Graduate Diploma in Executive MBA, Bachelor of Commerce, Bachelor of Laws and Bachelor of Jurisprudence.

*Directorships held in other public entities*

Jenny is also a Non-Executive Director and Chair of K2fly Ltd.

#### Craig Sharp

General Counsel & Company  
Secretary



#### Appointed Company Secretary

3 June 2021

#### Qualifications and Experience

Craig is an admitted solicitor with over 25 years' post-admission experience, including 9 years in the background screening industry and 7 years as legal counsel in a public company environment.

Craig's qualifications include a Master of Laws, Bachelor of Jurisprudence, and a Graduate of the Australian Institute of Company Directors

*Directorships held in other public entities*

Nil.

## Directors' Report continued

### Meetings of Directors

The number of Director's meetings (including meetings of committees of directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings		Audit & Risk Committee		Remuneration Committee	
	Held / Eligible to attend	Attended	Held / Eligible to attend	Attended	Held / Eligible to attend	Attended
Ivan Gustavino	13	13	3	2	1	1
George Cameron-Dow	13	13	3	3	1	1
Oliver Stewart	9	9	-	-	-	-
Jon Birman	1	1	-	-	-	-
Rod Sherwood	10	10	-	-	-	-

### Principal Activities

The principal activities of the consolidated entity during the year were the provision of screening and verification services and the provision of SaaS-based workforce management and compliance technology systems.

The consolidated entity's primary market is Australia and New Zealand. Through its online presence, the consolidated entity offers a comprehensive range of checks across the globe.

During the reporting period, the acquisition of the business of Bright People Technologies Pty Ltd led to an expansion of the principal activities of the consolidated entity to include the provision of SaaS-based workforce management and compliance technology systems.

### Financial and Operating Review

#### Financial Review

##### *Statement of Profit or Loss and Other Comprehensive Income*

A consolidated revenue of \$17,477,084, an increase of \$5,109,618 or 41% year on year (FY2020: \$12,367,466).

A net comprehensive loss for the year of \$ 926,616 (FY2020: \$1,358,464), which included non-recurring expenditure relating to the acquisition of BPT of \$733,082.

The Company continued to benefit from COVID-19 related assistance packages in Australia and New Zealand. The total assistance received in FY2021 amounted to \$457,500 (FY2020: \$553,694).

Options expensed during the year relating to the Employee Incentive Option Plan to Key Management amounted to \$571,049 in FY2021 (FY2020: \$18,559).

##### *Deferred Taxes*

The Group does not currently recognise any deferred tax asset that might arise from its accumulated tax losses but will continue to assess that adopted position. Refer to Note 4 for more information.

##### *Statement of Financial Position & Statement of Cash Flows*

The Group finished FY2021 with a significantly stronger balance sheet, net assets improving to \$26,209,613 (FY2020: \$6,396,426).

As a result of the capital raise in February 2021 and a positive cash inflow from operating activities of \$1,045,439 (FY2020: used in operating activities \$483,876) for the year, the Company finished the year with a strong cash balance of \$12,905,805, an improvement of \$8,278,089 (FY20: \$4,627,716).

Through the acquisition of BPT, the Group finished FY2021 with a stronger balance sheet, net assets improving by \$19,813,187. This increase includes a \$7,051,873 increase in web development and software that are significant part of the Group's strategy to drive future revenue growth.

Trade receivables were significantly higher at \$2,785,889 (FY2020: \$688,171) whilst trade payables were only marginally higher at \$1,080,351 (FY2020: \$957,337).

## Directors' Report continued

### Financial and Operating Review continued

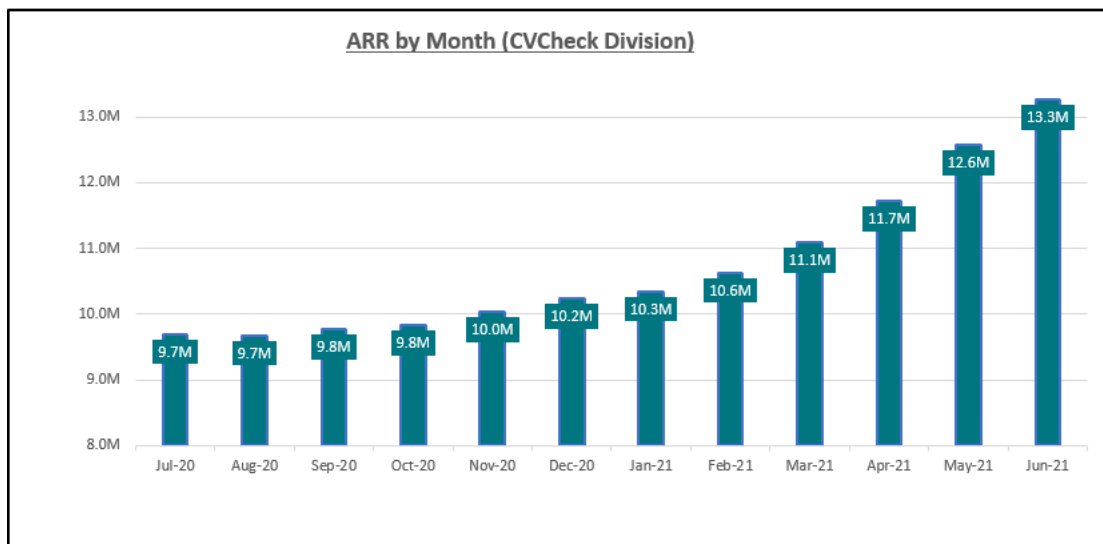
#### Financial Review continued

##### CVCheck Division performance

During the year, revenue of \$16,071,473 was generated through the CVCheck platform, as the Australian and New Zealand economies continued their resilient recoveries from the impact of the COVID-19 pandemic. Against that background, the CVCheck platform solidified its leading position in the on-line verification market with record revenue growth through FY2021.

Affirming the success of CVCheck's repositioning as a preferred provider to business customers, divisional ARR increased 39% to \$13,262,264 as at 30 June 2021 (FY2020: \$9,546,132), reflecting the continuous improvement in the overall quality of the Company's revenues. The results were achieved through an ongoing focus on the following objectives: supporting sales, marketing and account maintenance teams to focus on both the large business segment and the lower touch SME business segment; targeted integrations with HRIS and other HR technology platforms; initiatives to support check diversification away from solely police check sales; key partnerships; white label features to support enterprise sales; commercialisation of white label solutions for inbound international customers (being international screening organisations); and increasing automation and a focus on customer experience to increase the profitability of the small but important individual customer segment.

The divisions ARR growth for the FY2021 year is illustrated in the chart below



##### BPT Division performance

During last quarter of the year, revenue of \$1,405,611 was generated through the BPT division. This follows the completion of the acquisition of BPT on 6 April 2021.

Established in 2002, BPT is a SaaS cloud-based provider of workforce credentials and compliance software. Enable Enterprise (BPT'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); and ongoing compliance monitoring and management. Recently, BPT reimaged the system and built its next generation platform.

BPT generates revenues via monthly SaaS license fees. Additional revenue is generated via transactional fees (e.g. where a client completes verification checks or bookings). In FY2021, BPT generated \$573,255 in SaaS revenue for the consolidated group.

In association with the acquisition of BPT, the Group settled \$1,782,068 of acquired external debt.

Both divisions also benefitted from the Australian Government's Research and Development (R&D) Tax Incentive program in FY2021, receiving \$457,999 (FY2020: \$629,430). The amount is reported in the financial statements as an income tax benefit (in the Statement of Profit or Loss and Other Comprehensive Income) and a recovery of capitalised Intangibles (in the Statement of Financial Position). The Group has lodged an application for a rebate for R&D expenditure undertaken for the year ended 30 June 2021. The Group does not include this anticipated rebate in trade receivables.

## Directors' Report continued

### Financial and Operating Review continued

#### Operating Review

##### *Sales and marketing*

Focussed on its business customer segment, the Company go to market for the CVCheck platform adopts both a direct sales and indirect channel partner approach. Its direct model serves large business customers through a sales team coupled with a team dedicated to corporate customer relationship management and a model allowing self-serve business SME clients and individual consumers.

Its integration channel increases its addressable business customer market by making the CVCheck platform available as a cloud based microservice for use inside other HR technology platforms. These integrations then enable its direct corporate customer relationship teams to make screening and verification possible for large business customers where their workforce management occurs. The Company's focus on new business customers during the year resulted in the Company winning new large clients such as AECOM (NYSE: ACM), Amaysim (ASX: AYS), APS Group, the Australian Digital Health Agency, Australian Financial Complaints Authority, carsales.com (ASX:CAR), Cenitex, Dye and Durham Australia, Direct Control Ltd, Eagers Automotive (ASX:APE), Geelong Port, Harmony (the largest digital platform lender in New Zealand), Ironman, Kone (HEL: KNEBV), Korn Ferry (NYSE: KFY), Manpower, Melbourne Storm, Netforce Global LLC, Pfizer (NYSE: PFE), Rabobank ANZ, Rheinmetall Defence Australia, Sigma Healthcare (ASX: SIG), Think Childcare, TSB Bank Ltd, UDC Finance Ltd, Vision Australia, WaterNSW, Whitehaven Coal, Winning Appliances Group, Woolworths (ASX: WOW), Village Roadshow (ASX: VRL) and several municipal councils.

##### *Corporate*

At the 2020 AGM, CVCheck shareholders elected Oliver Stewart to the board of the Company as a non-executive director. Mr Stewart was appointed with effect from 4 November 2020. As a condition of the BPT acquisition, Jon Birman, formerly the chairman of BPT, joined the board of CVCheck as non-executive director. Mr Birman was appointed with effect from 3 May 2021.

In April 2021, the Company's CEO, Rod Sherwood, chose to step down from his role for personal reasons. The Company's board immediately engaged a specialist search firm to assist with sourcing the best available candidate for his replacement. After an extensive search and reviewing candidates from around the country, the Company was delighted to announce the appointment of Michael Ivanchenko to the role.

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 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.

During FY2021 the Company undertook a restructure of the C-Suite Executive Leadership group to better position the Company to prosecute its strategic and revenue growth objectives. Following the acquisition of BPT the restructured C-Suite Executive Leadership group was finalised in May 2021 with the appointment of Declan Hoare as Chief Technology Officer and Petra Nelson as Chief Customer Officer. Both were previously executives with BPT. The pair joined Jason Margach, Chief Operating Officer, and Craig Sharp, General Counsel, in the streamline C-Suite Executive Leadership group. In June 2021, Mr Sharp was also appointed as Company Secretary, replacing Jenny Cutri.

#### Dividends

The Directors do not recommend the payment of a dividend. No dividends were paid or declared since the end of the previous financial year.

#### Events after the Reporting Date

Rod Sherwood ceased as Chief Executive Officer of the Company on 16 July 2021. Michael Ivanchenko has signed a contract to commence as Chief Executive Officer from 30 August 2021.

On 13 August 2021, 10,000,000 unlisted options held by Gusfam Pty Ltd, a related party of Ivan Gustavino's, lapsed unexercised.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

#### Significant Changes in State of Affairs

Other than as disclosed elsewhere in this Annual Report there have been no other significant changes in the state of affairs of the consolidated entity during the financial year.

## Directors' Report continued

### Likely Developments

Information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years is provided in the Executive Chairman's Report and this Directors' Report.

### Material Business Risks

The business strategies, assets and future performance of the consolidated entity are subject to various risks, including the material risks summarised below.

The Group identifies, assesses and manages these risks (as described in the Corporate Governance Statement) and operates under the Board approved Risk Management Review Procedure and Internal Compliance and Control Policy.

The summary below refers to material risks identified from a whole of entity perspective. The list is not exhaustive of the risks faced by the Group or investors, nor are the risks listed in order of precedence and or importance.

#### Business Model (Business, Customer, Regulatory & Sector)

There is a risk of not being able to respond to market conditions, the rate of technological change, and to customers' expectations of service delivery. Attracting business-to-business customers to online ordering/buying of screening and verification checks remains relatively recent for the corporate sector. While the sign-up rates have been positive, corporate sector engagement requires continuing development of customer interfaces through its technology platform and integrations with other platforms.

There is always a risk that change in laws and regulations might affect the Group's business and its 'licence to operate' both directly and indirectly, including additional costs to comply with any changes or conditions which are applied or result in a reduction in business.

The Group competes with several other companies and government agencies in its sector, the Group remaining competitive and being able to successfully compete is always a risk. There is also a risk that certain government or quasi government agencies may benefit from any legal, regulatory or policy changes which effectively mandate a government or quasi government monopoly.

#### Reputational Risks

The Group operates in an online and fast-changing environment that is regulated. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the Group in public forums may have a disproportionate effect on reputation and ability to generate revenues and profits.

#### Economic, Financial and Capital Markets Risks

Market, financial or economic conditions may be affected by a range of factors including general economic outlook, investor sentiment and consumer confidence, changes to legislation including tax reform, monetary factors (including interest rate risk, inflation, foreign exchange risk, credit risk and supply or demand of capital), liquidity risk or other general factors such as terrorism or pandemics.

There is always increased risk due to changes in market, business or economic conditions which may result in: the Group's business being impacted either directly or indirectly; the value of investment being affected; the Group's exposure to share market volatility increasing; and as the business is still in growth mode, access to additional funding remains a risk while the Group works towards achieving profitability.

#### Data Management and Security

There is a risk that the collection, usage and management of customer data is not consistent with the regulatory obligations or that it does not meet the expectations of customers.

With growth in volume of orders and traffic to CVCheck's websites, cyber infiltration or attack is a risk. Data security is critical to the Group. The Group relies on the availability of its website, and the website of various third-party providers and integrations with other platforms to provide services to users, its corporate clients and to attract new business. Hackers could render the website unavailable through distributed denial of service or other disruptive attacks including accessing of confidential data. Although the Group has a range of strategies in place to minimise the success of any of these attacks, cyber-attacks are becoming more sophisticated and are increasing in frequency, these strategies may not be successful. This could result in the functionality of the Group's websites being compromised or confidential data being accessed.

The Group heavily relies on the automation of many of its processes, but some elements do rely on human interaction. There is always the risk of human error in the handling of such data.

## Directors' Report continued

### Material Business Risks continued

#### Reliance on Third-Party Suppliers or Contractors

Where the Group uses third party suppliers of information, there is a risk they may not continue to allow the Group to access the information.

While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required. The Group also relies on third party government bodies for data provision for some checks. Denial of information access, non or poor performance by third-party suppliers or contractors may have a material adverse effect on the Group.

#### Reliance on Third-Party Infrastructure

Reliance upon telecommunications systems collectively supplied by government and third-party providers is an integral feature of providing services over the internet. The Group is also increasing its platform integration with other platforms. As such, the Group places reliance on the proper operation and maintenance of those facilities outside of its direct control in order to deliver its product to market. Non-performance of, or the lack of availability of, third party infrastructure may have a material adverse effect on the Group.

#### Management of Growth

Management of growth is critical to the business. The Group has experienced periods of variable growth and this fluctuating growth rate has placed pressure on resourcing. Building scalability (in infrastructure, systems and processes) and people capability are vital; the Group continues to implement initiatives in a timely manner to manage growth.

#### Merger and Acquisition

Business growth may come from a combination of organic growth (building the Company's own customer base) and merging with or acquiring other businesses in similar or adjacent markets. Acquisition of other businesses can result in varying rates of return on investment that may be impacted by a range of factors including due diligence practices, overestimating or failing to capture synergies, differences in workplace cultures, integration and change management practices, and unforeseen threats or costs to the combined businesses.

#### Project Risks

A significant element of the Group's growth strategy is predicated on continuing to increase the level of automation used in the business, ongoing agile development of technology and or software. Failure to sustain or a delay in development and implementation may result in lower than expected growth, and increased risks due to exposure of human error.

#### Technology and Intellectual Property Risks

Ability to compete may be compromised if the Group's proprietary rights are not adequately protected. There are risks associated with disruption to technology platform and systems, as these could affect the Group's reputation and financial performance.

### Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulation and legislation. The Group conduct its activities in compliance with all environmental laws and regulations, and aims to minimise, where reasonable, the impact of any of the Group's activities on the environment including the climate.

### Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the *Corporations Act 2001* and its Regulations. That legislation requires this report to detail the nature and amount of remuneration of each Director of the Company and all other Key Management Personnel ('KMP').

For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

The Company has determined that during the reporting period, the KMP were the Directors of the Company and C-Suite Executives detailed below.

## Directors' Report continued

### Remuneration Report (Audited) continued

The Directors and KMP of the Company during or since the end of the year were:

Person	Position	Period in position during the year
<i>Directors:</i>		
Ivan Gustavino	Non-executive Chair	To 16 April 2021
	Executive Chair <sup>1</sup>	From 17 April 2021
George Cameron-Dow	Non-executive Director	Full year
Oliver Stewart	Non-executive Director	From 4 November 2020
Jon Birman	Non-executive Director	From 3 May 2021
Rod Sherwood	Executive Director	Until 17 April 2021
	Chief Executive Officer	Until 16 July 2021
<i>Key Management Personnel</i>		
Jason Margach	Chief Operating Officer	Full year
Jenny Cutri	Chief Compliance Officer & Company Secretary	Until 3 June 2021
Declan Hoare	Chief Technology Officer	From 6 April 2021
Petra Nelson	Chief Customer Officer	From 6 April 2021
Craig Sharp	General Counsel & Company Secretary	Company Secretary from 3 June 2021

<sup>1</sup> Ivan Gustavino acted as Executive Chair from 17 April 2021 while the company undertook a search for a replacement Chief Executive Officer.

<sup>2</sup> Mark Thompson and Colin Boyan were included in the 30 June 2020 financial statements. As part of an organisational restructuring to support the Company's future strategic and growth opportunities, they are no longer considered KMP for financial reporting purposes.

## Section A: Principles used to determine the nature and amount of Remuneration

### Remuneration Policy

The remuneration policy has the aim of attracting, motivating and retaining suitably qualified Directors and executives who will create value for shareholders. The remuneration policy ensures that Non-Executive Directors and executives are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, industry norms and standards, the financial position of the Group as a whole and the general pay environment as appropriate.

On 30 January 2019, shareholders of CVCheck approved an incentive option plan ('Plan') for employees and eligible participants. During FY2020 CVCheck's Board implemented an employee incentive scheme ('Scheme') as part of transforming the business and introducing a performance led culture. In FY2020 options were issued under the Plan to persons considered to be key persons in the Group, with the object being to reward those key persons on outstanding performance that was also linked to the Company's performance. Due to many factors and economic conditions during FY2020, the options issued under the Plan did not vest, and have been cancelled on 4 August 2020.

In FY2021 the Board has again issued options to key persons in the Group, with the object of rewarding those key persons on the Company's performance during the financial year.

## Directors' Report continued

### Remuneration Report (Audited) continued

#### Remuneration Committee

The Remuneration Committee is a Committee of the Board. The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- i. reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ii. ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- iii. recommending to the Board the remuneration of executive Directors;
- iv. fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- v. reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- vi. reviewing and approving the remuneration of direct reports to the Chief Executive Officer, and as appropriate other senior executives or key persons to the Group; and
- vii. reviewing and approving any equity-based plans and other incentive schemes, including overseeing the remuneration policy and for recommending or making such changes to the policy, as it deems appropriate.

#### Non-Executive Directors

##### Objective

The remuneration policy ensures that the Non-Executive Directors are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, external market comparatives, and the general pay environment as appropriate.

##### Structure

Non-Executive Directors are remunerated by way of fixed cash fees plus superannuation, or fixed fees plus goods and services tax. Other than superannuation under the Superannuation Guarantee Contribution Act, there are no retirement benefits payable to Non-Executive Directors.

Subject to shareholder approval, an issue of equity to Directors may occur if the Board believes it is in the best interest of the Group to do so, particularly where the cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors is reduced, or where there are exceptional circumstances. An issue of equity to Directors may also occur if approved by shareholders at the Annual General Meeting.

The maximum aggregate amount that can be paid to Non-Executive Directors is currently \$500,000 per annum inclusive of superannuation which has been determined in accordance with the Company's Constitution (originally set at \$250,000 and which in accordance with the terms of the Constitution was varied by shareholder approval at the Annual General Meeting in 2017). The apportionment of the aggregate remuneration amongst Non-Executive Directors is reviewed periodically.

For the year ended 30 June 2021, the Non-Executive Directors were remunerated an aggregate \$299,143 per annum, inclusive of statutory superannuation. In November 2020, the Company agreed to pay special exertion fees to directors involved in negotiating the acquisition of BPT. Ivan Gustavino and George Cameron-Dow were to be paid \$2,000 per day to a maximum of 4 days per month from 1 November until completion of the transaction (which occurred at the end of March), plus Ivan Gustavino was to be paid \$6,000 in respect of work done prior to November 2020. Full details of the fees paid to Non-Executive Directors for the 2021 and 2020 financial years are set out in Section C of this Remuneration Report.

The Board is responsible for reviewing its own performance. Board and Board Committee performance is monitored on an informal basis throughout the year, with a formal review conducted during the subsequent financial year.

#### Executive Directors and KMP

##### Objective

The remuneration policy ensures that the Executive Directors are appropriately remunerated to their relevant experience, their performance, the performance of the Group, industry norms and standards and the general pay environment as appropriate.

##### Structure

The Non-Executive Directors are responsible for evaluating the performance of the Chief Executive Officer who in turn evaluates the performance of the Executive Directors and KMP (in their capacity as executives of the Company).

The evaluation process is intended to assess the Group's business performance, and whether long-term strategic and individual performance objectives are achieved.

The performance of the Chief Executive Officer, Executive Directors and KMP are monitored on an informal basis throughout the year. A formal evaluation is performed annually.

# Directors' Report continued

## Remuneration Report (Audited) continued

### Executive Directors and KMP continued

The pay and reward framework for Executive Directors, may consist of the following:

- i. Fixed Remuneration - Base Salary and Directors' Fees;
- ii. Variable Short-Term Incentives; and
- iii. Variable Long-Term Incentives.

During the year, performance-based compensation options were granted to Rod Sherwood. The value taken up in FY2021 of \$106,503 is shown in the Statement of Profit and Loss and Other Comprehensive Income (FY2020 \$18,599).

In April 2021, on the resignation of Rod Sherwood, Ivan Gustavino assumed the temporary role of Executive Chairman. The Company agreed to pay Ivan Gustavino a special exertion fee of \$10,000 per month from 1 April 2021, in addition to his usual director's fee. Fees paid to Ivan Gustavino as Executive Director in FY2021 were \$56,925.

#### *Fixed Annual Remuneration and Directors' Fees*

Executive Directors' fixed remuneration comprises salary, directors' fees and statutory superannuation. An annual review, if held, would be conducted by the Chief Executive Officer and in turn, the Board. Any review conducted by the Board, taking such advice as it deems appropriate.

#### *Variable Remuneration – Short Term Incentives*

Discretionary cash bonuses may be paid to senior executives subject to Board approval following the recommendations of the Chief Executive Officer or Executive Chair (based on a review of the performance of the KMP and senior executives and or the Group as a whole).

#### *Variable Remuneration – Long Term Incentives*

#### **Employee Incentive Option Plan**

KMP and senior executives have previously been provided with longer-term incentives through the Company's Employee Incentive Option Plan ('EIOP'). An EIOP was approved by shareholders at an Extraordinary General Meeting held on 30 January 2019.

Under the EIOP, the Board at its discretion may grant Incentive Options to a Director (whether executive or non-executive) of the Company, a full or part time employee of the Company, a casual employee or contractor of the Company to the extent permitted by the ASIC Class Order, or, a prospective participant, being a person to whom an offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant (as defined under the EIOP). Participation in the EIOP only occurs where such a person is declared by the Board to be eligible to receive grants of Incentive Options under the EIOP.

Offers under the EIOP are at the discretion of the Company with the objective of the EIOP being to assist in the recruitment, reward, retention and motivation of employees or contractors of the Company. Any options which are to be issued under the EIOP to Directors, must first be approved by shareholders pursuant to the requirements of the ASX Listing Rules.

The Board, as part of transforming the business and introducing a performance-led culture, issued incentive options pursuant to the EIOP to key persons within the Group. A total of 8,346,078 unlisted Zero Exercise Price Options ('ZEPOs') were issued to key persons, exercisable at \$0.00, with: 524,491 on or before 27 August 2022; 5,899,444 on or before 28 October 2022; and 1,922,143 on or before 11 November 2022. 1,755,000 unlisted Premium Exercise Price Options ('PEPOs') exercisable at \$0.22 on or before 12 May 2023 were issued to Rod Sherwood. The ZEPOs and PEPOs were subject to vesting conditions and performance criteria, of which 9,576,587 included company metrics to be achieved in FY2021. The share-based payment expense was recognised within Statement of Profit and Loss and Other Comprehensive Income totalling \$571,049 for FY2021.

#### **Voting and comments made at the Company's 2020 Annual General Meeting (AGM)**

At the 2020 AGM held on 4 November 2020, 99.7% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

# Directors' Report continued

## Remuneration Report (Audited) continued

### Section B: Contractual arrangements for Directors and KMP

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements for their Executive roles, as summarised below. Additional information on remuneration for the Chief Executive Officer's Director role can be found in Section C.

#### Executive Directors

Executive	Contract term	Fixed Remuneration <sup>1</sup>	Others <sup>2,3</sup>	Notice of Termination required by Company <sup>4</sup>	Notice required for resignation by Executive
Rod Sherwood Chief Executive Officer and Director	Resigned as Director on 17 April 2021 and as Chief Executive Officer from 16 July 2021	\$273,000 Base salary p.a plus superannuation, director's fees of \$51,500 and a vehicle allowance of \$27,000	Sickness & Accident policy 3,120,000 share options	Three months	Three months

<sup>1</sup>Base annual salaries are quoted as at the year ended 30 June 2021, based on full time unless otherwise indicated.

<sup>2</sup>Policy paid by Company, individual is the policy owner.

<sup>3</sup>Rod Sherwood was granted 3,120,000 options on 4 November 2020, subject to vesting conditions.

<sup>4</sup> Other than dismissal for serious misconduct

#### Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration.

### Section C: Details of Remuneration for the years ended 30 June 2021 and 30 June 2020

The remuneration for each Director and each of the other Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosure) are set out in the following tables.

30 June 2021	Short-term Employment Benefits			Post- Employment Benefits	Long-term benefits	Share-based payment – Equity settled	Total \$	Fixed Remuneration %	Short- Term Incentive %	Long- Term Incentive %
	Cash salary and fees \$	Short-term incentives	Other <sup>1</sup> \$	Superannuation \$	Long service leave \$	Options and Rights \$				
		Cash bonus \$								
Non- Executive Directors										
Ivan Gustavino	115,402	-	76,000	-	-	-	191,402	100%	-	-
George Cameron- Dow	72,870	-	40,000	5,423	-	-	118,293	100%	-	-
Oliver Stewart <sup>2</sup>	33,871	-	-	3,218	-	-	37,089	100%	-	-
Jon Birman <sup>3</sup>	8,493	-	-	791		-	9,284	100%	-	-
Executive Directors										
Rod Sherwood <sup>4</sup>	363,867	-	-	22,023	4,549	106,503	496,942	78%	21%	1%
Key Management Personnel										
Jason Margach	210,326	-	-	13,708	-	68,177	292,211	77%	23%	-
Jenny Cutri <sup>5</sup>	136,575	-	-	12,975	-	51,773	201,323	74%	26%	-
Declan Hoare <sup>6</sup>	55,000	-	-	5,225	874	-	61,099	99%	-	1%
Petra Nelson <sup>6</sup>	55,000	-	-	5,225	874	-	61,099	99%	-	1%
Craig Sharp <sup>7</sup>	130,625	-	-	12,409	2,148	24,163	169,345	85%	14%	1%
TOTALS	1,182,029	-	116,000	80,997	8,445	250,616	1,638,087	84%	15%	1%

<sup>1</sup> During FY2021 Ivan Gustavino and George Cameron-Dow received special exertion fees related to negotiating the acquisition of BPT and received \$46,000 and \$40,000 respectively. Ivan Gustavino received \$30,000 in special exertion fees relating to his role as temporary Executive Chairman.

<sup>2</sup> Oliver Stewart remunerated since 4 November 2020.

<sup>3</sup> Jon Birman remunerated since 3 May 2021.

<sup>4</sup> Rod Sherwood resigned from regular duties as Executive Director as announced on 17 April 2021. Remuneration represents amounts received for the year ended 30 June 2021.

<sup>5</sup> Jenny Cutri held the position of Company Secretary and Chief Compliance Officer from 1 July 2020 to 3 June 2021. Represents remuneration for both positions held for the year.

<sup>6</sup> Declan Hoare and Petra Nelson were appointed Key Management Personnel ('KMP') from 6 April 2021, the date of which BPT was acquired by CVCheck.

<sup>7</sup> Craig Sharp held the position of General Counsel from 3 September 2012 and was appointed Company Secretary from 3 June 2021. Represents remuneration for both positions held for the year.

<sup>8</sup> Mark Thompson and Colin Boyan were included in the 30 June 2020 financial statements. As part of an organisational restructuring to support the Company's future strategic and growth opportunities, they are no longer considered KMP for financial reporting purposes.

# Directors' Report continued

## Remuneration Report (Audited) continued

30 June 2020	Short-term Employment Benefits			Post- Employment Benefits	Long-term benefits	Share-based payment – Equity settled	Total \$	Fixed Remuneration %	Short- Term Incentive %	Long- Term Incentive %
	Cash salary and fees \$	Short-term incentives	Other \$	Superannuation \$	Long service leave \$	Options and Rights \$				
		Cash bonus \$								
Non- Executive Directors										
Ivan Gustavino	89,862	-	-	-	-	-	89,862	100%	-	-
George Cameron- Dow	59,327	-	-	4,364	-	-	63,691	100%	-	-
Steve Carolan	52,154			4,516	-	-	56,670	100%	-	-
Executive Directors										
Rod Sherwood	302,985	-	-	21,146	35,522	18,559	378,212	95%	-	5%
Key Management Personnel										
Colin Boyan <sup>1</sup>	76,923	-	-	7,308	-	-	84,231	100%	-	-
Jason Margach <sup>2</sup>	60,000	-	-	5,700	-	-	65,700	100%	-	-
Jenny Cutri <sup>3</sup>	124,875	-	-	11,864	-	-	136,739	100%	-	-
Mark Thompson <sup>4</sup>	92,423	-	-	8,780	-	-	101,203	100%	-	-
TOTALS	858,549	-	-	63,678	35,522	18,559	976,308	98%	-	2%

<sup>1</sup> Colin Boyan remunerated from 1 January 2020

<sup>2</sup> Jason Margach remunerated from 3 February 2020

<sup>3</sup> Jenny Cutri held the position of Company Secretary from 1 July 2019 and was appointed Chief Compliance Officer from 1 January 2020. Represents remuneration for both positions held for the year.

<sup>4</sup> Mark Thompson remunerated from 15 December 2019

## Performance Based Compensation

### Share-based payments: Shares

There were no performance-based compensation shares awarded to Key Management Personnel of the Company, including their personally related parties, in FY2021. No shares were granted to Directors in relation to remuneration in FY2020.

### Share-based payments: Options

During FY2021, 4,976,190 performance-based options were issued to Key Management Personnel of the Company, including their personal related parties (FY2020 – 750,000 options granted in FY2019 to Rod Sherwood vested and resulted in a share-based payment of \$18,559. In addition, a total of 480,920 performance-based options were issued to Jenny Cutri valued at \$Nil. Jenny's options lapsed and were subsequently cancelled as the Group's performance metrics were not achieved). Refer to Note 18 for further details.

### Share-based payments: Performance Rights

No performance rights were issued to Key Management Personnel in FY2021 (FY2020: Nil).

# Directors' Report continued

## Remuneration Report (Audited) continued

### Section D: Share, Option and Rights Holdings

#### Shareholding

The number of shares held by each Director and other Key Management Personnel (and their related parties) in the Company during the financial year was as follows:

	Balance at 1 July 2020	Additions	Disposals	Balance at 30 June 2021
<b>Ordinary shares</b>				
Ivan Gustavino	919,565	-	-	919,565
George Cameron-Dow	200,000	606,061	-	806,061
Oliver Stewart	2,668,000 <sup>1</sup>	-	-	2,668,000
Jon Birman	21,897,811 <sup>2</sup>	-	-	21,897,811
Rod Sherwood	14,408,770	-	-	14,408,770
Jason Margach	-	31,950	-	31,950
Jenny Cutri	100,000	-	-	100,000 <sup>3</sup>
Declan Hoare	14,598,540 <sup>2</sup>	-	-	14,598,540
Petra Nelson	14,598,540 <sup>2</sup>	-	-	14,598,540
Craig Sharp	3,202,817 <sup>4</sup>	-	-	3,202,817
	<b>72,594,043</b>	<b>638,011</b>	<b>-</b>	<b>73,232,054</b>

<sup>1</sup> Represents shares held at appointment date for Oliver Stewart.

<sup>2</sup> Represents shares held at appointment date that were consideration to Jon Birman, Declan Hoare, and Petra Nelson in their capacity as vendors of BPT.

<sup>3</sup> Resigned 3 June 2021, represents shares held at resignation date.

<sup>4</sup> Opening balance of shares held by Craig Sharp considered KMP upon appointment as Company Secretary.

#### Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel (and their related parties) during the financial year was as follows:

	Balance at 1 July 2020	Acquired	Exercised	Expired/ forfeited/ other	Balance at 30 June 2021
<b>Options over ordinary shares</b>					
Ivan Gustavino	10,000,000	-	-	-	10,000,000 <sup>1</sup>
George Cameron-Dow	-	-	-	-	-
Oliver Stewart	- <sup>2</sup>	-	-	-	-
Jon Birman	- <sup>2</sup>	-	-	-	-
Rod Sherwood	750,000	3,120,000	-	-	3,870,000
Jason Margach	-	1,102,024	-	-	1,102,024
Jenny Cutri	480,920	554,778	-	(480,920)	554,778 <sup>3</sup>
Declan Hoare	- <sup>2</sup>	-	-	-	-
Petra Nelson	- <sup>2</sup>	-	-	-	-
Craig Sharp	- <sup>4</sup>	360,000	-	-	360,000
	<b>11,230,920</b>	<b>5,136,802</b>	<b>-</b>	<b>(480,920)</b>	<b>15,886,802</b>

<sup>1</sup> On 13 August 2021, 10,000,000 unlisted options held by Gusfam Pty Ltd, a related party of Ivan Gustavino's, lapsed unexercised.

<sup>2</sup> Represents options held at appointment date.

<sup>3</sup> Resigned 3 June 2021 represents options held at resignation date.

<sup>4</sup> Opening balance of options held by Craig Sharp considered KMP upon appointment of Company Secretary.

## Directors' Report continued

### Remuneration Report (Audited) continued

#### Section E: Other transactions with Directors, KMP and their related parties

##### *Transactions with related parties*

From the date of acquiring BPT, the company made contractual payments of \$35,000 to Wavescope Investments Pty Ltd, a related party of Jon Birman, in relation to the leased premises at 35 Oxford Close, West Leederville, no longer utilised by BPT. The company is currently looking for potential tenants to sub lease the property until the end of the lease term expiring on 7 February 2022.

There were no transactions with the other key management personnel during the year (FY2020: Nil).

##### *Loan to Directors and their related parties*

No loans have been made to any Director or any of their related parties during FY2021 (FY2020: Nil).

There were no further transactions with Directors including their related parties not disclosed above or in Note 26.

##### **Additional Information**

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Sales Revenue	17,477,084	12,367,466	12,363,970	12,517,024	10,432,249
EBITDA	242,138	(361,619)	(539,557)	(1,885,115)	(3,561,348)
EBIT	(1,070,857)	(1,443,988)	(1,319,744)	(2,686,952)	(4,108,793)
Loss after income tax	(1,008,141)	(1,253,036)	(1,094,550)	(2,541,127)	(3,809,638)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Share price at financial year end cents	14.0	6.7	20.0	8.4	11.0
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.30)	(0.43)	(0.42)	(1.03)	(1.59)

#### End of Audited Remuneration Report

## Directors' Report continued

### Indemnification and Insurance of Directors and other Officers

Under the Company's Constitution and to the extent permitted by law (subject to the restrictions in section 199A and 199B of the *Corporations Act 2001*), the Company indemnifies every person who is or has been an officer of the Company against:

- a) any liability (other than for legal costs) incurred by that person as an officer of the Company where the Company requested the officer to accept appointment as Director.
- b) reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company has insured its Directors, the Company Secretaries and executive officers. Under the Company's Directors' and Officers' Liability Insurance Policy (D&O Policy), the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

The Company also has in place a Deed of Indemnity, Access and Insurance with each of the Directors. This Deed:

- i. indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;
- ii. requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and
- iii. provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose (as defined in the deed);

both during the time that the Director holds office and for a seven-year period after the Director ceases to be an officer of any Group Company, on the terms and conditions contained in the Deed.

### Auditors

RSM Australia Partners ('RSM') continues in office in accordance with Section 327 of the *Corporations Act 2001*.

### Indemnification and Insurance of Auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Share Options on issue

As at the date of this report the unissued ordinary shares of the Company under option were:

Class	Date of Expiry	Exercise Price	No. Under Option
Unlisted	12 December 2021	\$0.068	750,000
Unlisted	27 August 2022	\$0.000	524,491 <sup>1</sup>
Unlisted	28 October 2022	\$0.000	5,899,444 <sup>2</sup>
Unlisted	11 November 2022	\$0.000	557,143 <sup>2</sup>
Unlisted	11 May 2023	\$0.222	1,755,000 <sup>3</sup>
Unlisted	11 November 2022	\$0.000	1,365,000 <sup>3</sup>
Unlisted	18 February 2024	\$0.371	4,500,000 <sup>4</sup>

<sup>1</sup> These options were issued to Executives and Senior Managers as compensation for reduced salaries implemented as part of cost management measures as a result of the impact of COVID-19.

<sup>2</sup> These options were issued to key persons in the Group pursuant to the Company's Employee Incentive Option Plan. The Options are subject to vesting conditions and performance criteria, which included company metrics to be achieved in FY2021.

<sup>3</sup> These options were issued to a related party of Rod Sherwood in his role as Executive Director as part of his remuneration package and as a performance bonus.

<sup>4</sup> These options were issued to Brokers for services issued to the Company related to the \$10.5M capital raise in February 2021.

### Shares Issued as a Result of the Exercise of Options

No shares were issued as a result of the exercise of options over ordinary shares during or since the end of the financial year (FY2020: Nil).

## Directors' Report continued

### Proceedings on Behalf of the Company

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

From time to time in the ordinary course of business, CVCheck may be involved in litigation or regulatory actions arising from a wide range of matters. CVCheck may also be involved in investigations, inquiries or disputes, debt recoveries, commercial and contractual disputes or occupational health and safety claims. CVCheck has an experienced legal team that monitors and manages potential and actual claims, actions and disputes; and where cost-effective, has insurance policies covering potential losses.

CVCheck discloses any material matters that it considers require a contingency provision.

### Constitution

The Company amended its Constitution as per shareholder approval obtained at the AGM.

### Non-Audit Services

RSM may be employed on assignments additional to their audit services.

Details of the amounts paid or payable to RSM for audit and non-audit services provided during the financial year are outlined in Note 7 to the financial statements.

The directors are satisfied that where such services are provided, the provision of non-audit services during the financial year, by the auditor, is compatible with, and did not compromise the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the Board and the CEO to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within the financial statements and forms part of this Directors' Report.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at [www.CVCheck.com/investors](http://www.CVCheck.com/investors).

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

### Declaration

This Directors' Report is made in accordance with a resolution of directors made pursuant to Section 298(2)(a) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors



**Ivan Gustavino**

Executive Chairman

## Auditor's Independence Declaration



### RSM Australia Partners

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T +61 8 9261 9100  
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[www.rsm.com.au](http://www.rsm.com.au)

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of CV Check Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'David Wall'.

David Wall Partner  
RSM Australia Partners

Perth, WA  
Dated: 26 August 2021

# Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated	
	Note	30 June 2021 \$	30 June 2020 \$
<b>Revenue</b>	2	17,477,084	12,367,466
Other income	2	504,306	503,339
Interest income	2	49,265	33,049
<b>Expenses</b>	3		
Cost of sales		(7,207,612)	(5,620,421)
Director and employee benefits expense		(6,393,614)	(5,025,729)
Depreciation and amortisation expense		(1,312,995)	(1,082,369)
Finance costs		(23,239)	(41,449)
Marketing expenses		(1,142,339)	(947,653)
Share based payment expense	18	(571,049)	(18,559)
Professional and legal fees		(391,187)	(356,735)
Occupancy expenses		(252,067)	(304,092)
IT expenses		(588,833)	(526,814)
Other expenses		(1,192,551)	(447,116)
<b>Loss before income tax</b>		<b>(1,044,831)</b>	<b>(1,467,083)</b>
Income tax benefit	4	36,690	214,047
<b>Loss for the year attributable to members of CV Check Limited</b>		<b>(1,008,141)</b>	<b>(1,253,036)</b>
<b>Other comprehensive income / (loss), net of income tax</b>			
Exchange differences arising on translation of foreign operations		81,525	(105,428)
<b>Other comprehensive income / (loss) for the year (net of tax)</b>		<b>81,525</b>	<b>(105,428)</b>
<b>Total comprehensive loss for the year attributable to owners of the parent entity</b>		<b>(926,616)</b>	<b>(1,358,464)</b>
Basic Loss per Share (Cents per Share)	6	(0.30)	(0.43)
Diluted Loss per Share (Cents per Share)	6	(0.30)	(0.43)

The accompanying notes form part of these financial statements.

# Statement of Financial Position

AS AT 30 JUNE 2021

		Consolidated	
	Note	30 June 2021 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	12,905,805	4,627,716
Trade and other receivables	9	2,956,765	883,725
Other current assets	10	429,405	465,689
<b>Total Current Assets</b>		<b>16,291,975</b>	<b>5,977,130</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	323,606	388,547
Intangibles	12	11,222,238	1,513,577
Goodwill	12	4,669,730	1,365,839
<b>Total Non-Current Assets</b>		<b>16,215,574</b>	<b>3,267,963</b>
<b>TOTAL ASSETS</b>		<b>32,507,549</b>	<b>9,245,093</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	3,763,371	1,868,699
Employee benefits	15	1,562,659	267,486
Lease liability	14	217,810	314,958
Contract liabilities	16	648,017	272,717
Income tax liability		106,079	-
<b>Total Current Liabilities</b>		<b>6,297,936</b>	<b>2,723,860</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	15	-	99,153
Lease liability	14	-	25,654
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>124,807</b>
<b>TOTAL LIABILITIES</b>		<b>6,297,936</b>	<b>2,848,667</b>
<b>NET ASSETS</b>		<b>26,209,613</b>	<b>6,396,426</b>
<b>EQUITY</b>			
Issued capital	17	47,193,068	27,323,910
Reserves	18	1,082,675	173,498
Accumulated losses	19	(22,066,130)	(21,100,982)
<b>TOTAL EQUITY</b>		<b>26,209,613</b>	<b>6,396,426</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 30 June 2019</b>	<b>24,450,872</b>	<b>237,374</b>	<b>22,993</b>	<b>(19,847,946)</b>	<b>4,863,293</b>
Loss for the year	-	-	-	(1,253,036)	(1,253,036)
Exchange differences arising on translation of foreign operations	-	-	(105,428)	-	(105,428)
Total comprehensive loss for the year	-	-	(105,428)	(1,253,036)	(1,358,464)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued net of issue costs	2,873,038	-	-	-	2,873,038
Share-based payments	-	18,559	-	-	18,559
<b>Balance at 30 June 2020</b>	<b>27,323,910</b>	<b>255,933</b>	<b>(82,435)</b>	<b>(21,100,982)</b>	<b>6,396,426</b>
Loss for the year	-	-	-	(1,008,141)	(1,008,141)
Exchange differences arising on translation of foreign operations	-	-	81,525	-	81,525
Total comprehensive loss for the year	-	-	81,525	(1,008,141)	(926,616)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued net of issue costs	19,869,158	-	-	-	19,869,158
Share-based payments (refer Note 18)	-	870,645	-	-	870,645
Reclassification between reserves	-	(42,993)	-	42,993	-
<b>Balance at 30 June 2021</b>	<b>47,193,068</b>	<b>1,083,585</b>	<b>(910)</b>	<b>(22,066,130)</b>	<b>26,209,613</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated	
		30 June 2021 \$	30 June 2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		16,958,243	12,294,507
Payments to suppliers and employees		(16,046,428)	(13,156,581)
Finance costs paid		(10,669)	(43,023)
Interest received		49,265	32,815
Income tax paid		-	(57,830)
Receipt of income tax refund and government grants		828,110	446,236
Acquisition related costs expensed	21	(733,082)	-
<b>Net cash flows from / (used in) in operating activities</b>	<b>23</b>	<b>1,045,439</b>	<b>(483,876)</b>
<b>Cash flows from investing activities</b>			
Payment for purchases of plant and equipment		(46,182)	(29,349)
Payment for intangible assets		(878,272)	(965,291)
Payment of expenses and loans relating to acquisition		(1,782,068)	-
Net cash effect on the acquisition of entities	21	(58,410)	-
Receipt of research and development refunds		302,279	416,198
<b>Net cash flows used in investing activities</b>		<b>(2,462,653)</b>	<b>(578,442)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(337,255)	(272,764)
Proceeds from issue of shares		10,500,000	3,059,190
Share issue transaction costs		(550,224)	(200,152)
<b>Net cash flows from financing activities</b>		<b>9,612,521</b>	<b>2,586,274</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,195,307</b>	<b>1,523,956</b>
Cash and cash equivalents at the beginning of the year		4,627,716	3,122,354
Cash balance on acquisition of entities	21	58,410	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		24,372	(18,594)
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>12,905,805</b>	<b>4,627,716</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Note 1. Statement of significant accounting policies

### General Information

CV Check Limited ('the Company') was admitted to the Official List of the Australian Securities Exchange ('ASX') on 4 September 2015. The Company is incorporated in Western Australia and operates in Australia and New Zealand.

The principal activities of the consolidated entity during the year were the provision of screening and verification services and the provision of SaaS-based workforce management and compliance technology systems.

The financial statements for the consolidated entity were authorised for issue by the Directors on 26 August 2021.

### Basis of Preparation

This section sets out the basis of preparation and the consolidated entity's accounting policies that relate to the consolidated financial statements as a whole.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial report are provided throughout the notes to the financial statements to which it relates.

The financial report is a general-purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB');
- has been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments;
- is presented in Australian dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated;
- presents reclassified comparative information where appropriate to enhance comparability with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the consolidated entity and effective for reporting periods beginning on or after 1 July 2020;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied the consolidated entity accounting policies consistently to all periods presented.

### Parent Entity Information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. Details of the controlled entities of the Company are contained in Note 20. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Notes to the Financial Statements continued

### Note 1. Statement of significant accounting policies continued

#### *New, revised or amending Accounting Standards and Interpretations adopted*

The consolidated entity has adopted the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

#### *New Accounting Standards and Interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### Revenue recognition

The consolidated entity recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

#### *Rendering of services*

Rendering of services revenue is recognised at the point of sale. Amounts disclosed as revenue are net of sales returns and trade discounts.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

## Notes to the Financial Statements *continued*

### Note 1. Statement of significant accounting policies *continued*

#### Right-of-use assets *continued*

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

##### *Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2.5 years.

##### *Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 to 9 years.

##### *Customer contracts and customer relationships*

Customer contracts and customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 9 years.

##### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### Employee benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

## Notes to the Financial Statements continued

### Note 1. Statement of significant accounting policies continued

#### Employee benefits continued

##### *Other long-term employee benefits*

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. A liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

##### *Share-based payments*

Equity-settled transactions are awards of options over shares that have been provided in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

#### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

## Notes to the Financial Statements continued

### Note 1. Statement of significant accounting policies continued

#### Investments and other financial assets continued

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

##### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

##### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

##### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

#### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

#### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Dividends

Dividends are recognised when declared.

#### Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

# Notes to the Financial Statements continued

## Note 1. Statement of significant accounting policies continued

### Business combinations continued

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of CV Check Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Foreign Currency Translation

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

#### Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### Share-based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees and third-party service providers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and third-party service providers in exchange for the rendering of services.

## Notes to the Financial Statements *continued*

### Note 1. Statement of significant accounting policies *continued*

#### Critical accounting judgements, estimates and assumptions *continued*

The cost of equity-settled transactions is measured at fair value on grant date. The value attributed to share options and remunerations shares issued is an estimate calculated using an appropriate mathematical formula based on either the Binomial or Black-Scholes option pricing model.

The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

#### *Goodwill*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

#### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

#### *Business combinations*

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

# Notes to the Financial Statements continued

## Note 1. Statement of significant accounting policies continued

### Critical accounting judgements, estimates and assumptions continued

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### Comparative figures

Where necessary, comparative figures have been re-stated to conform with changes in presentation for the current year.

## Note 2. Revenue and other income

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<b>Revenue</b>		
Rendering of services	17,477,084	12,367,466
<b>Other Income</b>		
Other	504,306 <sup>1</sup>	503,339 <sup>2</sup>
Interest income	49,265	33,049
<b>Total Other Income</b>	<b>553,571</b>	<b>536,388</b>
<b>Total Revenue and Other Income</b>	<b>18,030,655</b>	<b>12,903,854</b>
<b>Major product lines</b>		
Transactional:		-
Criminal history checks	11,024,681	9,511,634
Other checks	5,700,836	2,855,832
	<b>16,725,517</b>	<b>12,367,466</b>
Other revenue: <sup>3</sup>		
Sales as a Service ('SaaS')	573,255	-
Travel revenue	165,147	-
Change-order revenue	13,165	-
	<b>751,567</b>	<b>-</b>
<b>Geographical regions</b>		
Australia	14,984,259	10,366,554
New Zealand	2,492,825	2,000,912
	<b>17,477,084</b>	<b>12,367,466</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	<b>17,477,084</b>	<b>12,367,466</b>

<sup>1</sup> Income received during FY2021 associated with government grants and incentives such as JobKeeper, Cashflow Boost, and Payroll Tax refunds.

<sup>2</sup> Income received during FY2020 associated with government grants and incentives such as JobKeeper, Cashflow Boost, and Payroll Tax refunds and New Zealand Wages subsidy have been reclassified from Director and employee benefits expense to Other Income to provide greater transparency on payroll and associated cost incurred by the business.

<sup>3</sup> As part of the acquisition of BPT, the Group now generates revenue through an additional three key streams: Sales as a Service, Travel Booking revenue, and contract change order requests.

# Notes to the Financial Statements continued

## Note 3. Expenses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<b>Expenses</b>		
Professional and legal fees	391,188	356,735
Foreign exchange (gain) / loss	24,372	14,907
Marketing expenses	1,142,339	947,653
Occupancy expenses	252,067	304,092
Defined contribution superannuation expense <sup>1</sup>	425,004	385,177
IT expenses	588,833	526,814
Share-based payments	571,049	18,559
Acquisition related costs	733,082	-

<sup>1</sup> Director and employee benefit expense includes defined contribution superannuation expenses (refer to Section C of the Remuneration Report in the Directors' Report)

## Note 4. Income Tax Benefit

### a) Income tax benefit

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Current tax benefit for the year	(36,690)	(214,047)
Adjustments recognised in the year for current tax of prior periods	-	-
<b>Income tax benefit</b>	<b>(36,690)</b>	<b>(214,047)</b>

### b) Reconciliation of income tax benefit to prima facie tax benefit

Loss from continuing operations before income tax expense	(1,044,831)	(1,467,083)
Prima facie income tax benefit at 26.0% (2020: 27.5%)	(271,656)	(403,448)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	301,795	-
Other expenses	-	(21,707)
Effect of different tax rates of subsidiaries operating in other tax jurisdictions	7,618	182
Effect of New Zealand tax adjustments	12,376	9,102
Research and development tax refund	(155,720)	(214,047)
Deferred tax asset not recognised	68,897	415,871
<b>Income tax benefit</b>	<b>(36,690)</b>	<b>(214,047)</b>

### c) Unrecognised deferred tax balances

The Company does not currently recognise any deferred tax asset arising from its accumulated losses. The Directors estimate that the potential deferred tax assets at 25% (FY2020: 26%) not brought to account attributable to tax losses carried forward at reporting date is approximately \$3,958,935 (FY2020: \$4,586,068).

The losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of those deferred tax assets as being probable in the near future. The benefit of these deferred tax assets will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;
- the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

## Notes to the Financial Statements continued

### Note 5. Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the consolidated entity's Key Management Personnel.

The aggregate compensation made to Directors and Key Management Personnel is set out below:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Short-term employee benefits	1,298,029	858,549
Post-employment benefits	80,997	63,678
Long-term benefits	8,445	35,522
Share based payments	250,616	18,559
	<b>1,638,087</b>	<b>976,308</b>

### Note 6. Loss per Share

	Consolidated	
	30 June 2021	30 June 2020
Basic loss per share (cents)	(0.30)	(0.43)
Diluted loss per share (cents)	(0.30)	(0.43)
a) Net loss used in the calculation of basic and diluted loss per share	(1,008,141)	(1,253,036)
b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	332,505,960	289,397,794
c) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	332,505,960	289,397,794

As the consolidated entity is in a loss position, the diluted loss per share calculation excludes the dilutive effect of the options issued during the year ended 30 June 2021 and 30 June 2020.

## Notes to the Financial Statements continued

### Note 7. Auditor's Remuneration

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Remuneration of the current auditor of the consolidated entity,		
<i>Audit services</i>		
Audit or review of the financial statements	62,000	46,900
<i>Other services</i>		
Taxation advisory and compliance	38,074	33,655
Other – Due diligence, R&D incentive services	118,449	39,855
<b>Total Auditor Remuneration</b>	<b>218,523</b>	<b>120,410</b>

### Note 8. Cash and Cash Equivalents

Cash on hand	396	580
Cash at bank	12,905,409	4,627,136
<b>Total Cash and Cash Equivalents</b>	<b>12,905,805</b>	<b>4,627,716</b>

### Note 9. Trade and Other Receivables

Trade receivables	2,801,905	704,187
Less: Allowance for expected credit losses	(16,016)	(16,016)
	<b>2,785,889</b>	<b>688,171</b>
Other receivables (GST)	161,866	55,773
Other receivables	9,010	139,781
<b>Total Trade and Other Receivables</b>	<b>2,956,765</b>	<b>883,725</b>

### Note 10. Other Current Assets

Prepayments	142,403	92,922
Lease incentive receivable	-	85,765
Rental bond	287,002	287,002
<b>Total Current Assets - Other</b>	<b>429,405</b>	<b>465,689</b>

# Notes to the Financial Statements continued

## Note 11. Plant and Equipment

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Computer equipment - at cost <sup>1</sup>	328,829	228,282
Less: Accumulated depreciation	(239,139)	(174,095)
<b>Net carrying amount</b>	<b>89,690</b>	<b>54,187</b>
Plant and equipment - at cost	82,590	82,590
Less: Accumulated depreciation	(51,804)	(45,994)
<b>Net carrying amount</b>	<b>30,786</b>	<b>36,596</b>
Leasehold improvements - at cost <sup>1</sup>	916,465	526,389
Less: Accumulated depreciation	(768,638)	(293,467)
<b>Net carrying amount</b>	<b>147,827</b>	<b>232,922</b>
Furniture and fittings - at cost	35,430	15,982
Less: Accumulated depreciation	(27,128)	(6,103)
<b>Net carrying amount</b>	<b>8,302</b>	<b>9,879</b>
Low value pool - at cost	128,450	127,578
Less: Accumulated depreciation	(81,449)	(72,615)
<b>Net carrying amount</b>	<b>47,001</b>	<b>54,963</b>
<b>Total plant and equipment</b>	<b>323,606</b>	<b>388,547</b>

<sup>1</sup>As at 30 June 2021, the consolidated entity's right-of-use asset was \$167,041. During the year CVCheck extended the lease of its premises at 355 Scarborough Beach Road, Osborne Park by 12 months and recognised an additional right of use asset of \$176,365 that has subsequently been depreciated by \$73,486. As part of the acquisition of BPT, CVCheck acquired right of use assets of \$32,931.

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer equipment	Plant & equipment	Leasehold improvements	Furniture & fittings	Low value pool	Total
	\$	\$	\$	\$	\$	\$
<b>Carrying amount as at 30 June 2019</b>	<b>52,231</b>	<b>41,435</b>	<b>26,001</b>	<b>11,799</b>	<b>64,110</b>	<b>195,576</b>
Additions	26,704	1,720	501,001	615	-	530,040
Foreign exchange difference	509	-	(5,861)	(825)	(226)	(6,403)
Depreciation expense	(25,257)	(6,559)	(288,219)	(1,710)	(8,921)	(330,666)
Disposal of assets	-	-	-	-	-	-
<b>Carrying amount as at 30 June 2020</b>	<b>54,187</b>	<b>36,596</b>	<b>232,922</b>	<b>9,879</b>	<b>54,963</b>	<b>388,547</b>
Acquired as part of business combination	28,046	-	15,572	4,290	-	47,908
Modification of right of use assets	-	-	176,365	-	-	176,365
Additions	38,285	-	6,949	-	948	46,182
Foreign exchange difference	(471)	-	(671)	(432)	(50)	(1,624)
Depreciation expense	(30,357)	(5,810)	(283,310)	(5,435)	(8,860)	(333,772)
Disposal of assets	-	-	-	-	-	-
<b>Carrying amount as at 30 June 2021</b>	<b>89,690</b>	<b>30,786</b>	<b>147,827</b>	<b>8,302</b>	<b>47,001</b>	<b>323,606</b>

## Notes to the Financial Statements continued

### Note 12. Intangibles and Goodwill

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Website development	5,895,908	5,319,915
Less: Accumulated amortisation	(4,511,406)	(3,806,858)
<b>Net carrying amount</b>	<b>1,384,502</b>	<b>1,513,057</b>
Software	7,549,543	168,543
Less: Accumulated amortisation	(368,595)	(168,023)
<b>Net carrying amount</b>	<b>7,180,948</b>	<b>520</b>
Customer Contracts	1,001,000	-
Less: Accumulated amortisation	(27,201)	-
<b>Net carrying amount</b>	<b>973,799</b>	<b>-</b>
Customer Relationships	1,730,000	-
Less: Accumulated amortisation	(47,011)	-
<b>Net carrying amount</b>	<b>1,682,989</b>	<b>-</b>
<b>Total Intangibles</b>	<b>11,222,238</b>	<b>1,513,577</b>
Goodwill	4,669,730	1,365,839
Less: Impairment	-	-
<b>Net carrying amount</b>	<b>4,669,730</b>	<b>1,365,839</b>
<b>Total Intangibles and Goodwill</b>	<b>15,891,968</b>	<b>2,879,416</b>

#### Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Website \$	Software \$	Customer Contracts & Relationships \$	Goodwill \$	Total \$
<b>Carrying amount as at 30 June 2019</b>	<b>1,709,454</b>	<b>31,312</b>	<b>-</b>	<b>1,399,050</b>	<b>3,139,816</b>
Additions	960,523	5,143	-	-	965,666
Foreign exchange difference	-	(359)	-	(33,211)	(33,570)
Amortisation expense	(741,416)	(11,945)	-	-	(753,361)
R&D tax offset recognised	(415,504)	-	-	-	(415,504)
Disposal of assets	-	(23,631)	-	-	(23,631)
<b>Carrying amount as at 30 June 2020</b>	<b>1,513,057</b>	<b>520</b>	<b>-</b>	<b>1,365,839</b>	<b>2,879,416</b>

# Notes to the Financial Statements continued

## Note 12. Intangibles and Goodwill continued

	Website \$	Software \$	Customer Contracts & Relationships \$	Goodwill \$	Total \$
Carrying amount as at 30 June 2020	1,513,057	520	-	1,365,839	2,879,416
Acquired as part of business combination	-	7,381,000	2,731,000	3,310,065	13,422,065
Additions	878,272	-	-	-	878,272
Foreign exchange difference	(109)	-	-	(6,174)	(6,283)
Amortisation expense	(704,439)	(200,572)	(74,212)	-	(979,223)
R&D tax offset recognised	(302,279)	-	-	-	(302,279)
Carrying amount as at 30 June 2021	1,384,502	7,180,948	2,656,788	4,669,730	15,891,968

### Impairment testing

Goodwill acquired during the year ended 30 June 2021 and in previous years through business combinations has been allocated to the following cash-generating units:

	30 June 2021 \$	30 June 2020 \$
CV Check (NZ) Ltd	1,359,665	1,365,839
Cl6 Pty Ltd & Associated Entities ('BPT operation')	3,310,065	-
<b>Total Goodwill</b>	<b>4,669,730</b>	<b>1,365,839</b>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by the Board and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the New Zealand operation:

- 10.4% pre-tax discount rate;
- Expected growth of 18% for FY2022 and 7.5% per annum projected revenue growth rate thereafter;
- Gross margin improvement of 1% for the first 3 years and then staying consistent thereafter;
- Employee benefits costs increase by 50% in the first year, then 3% thereafter;
- Other operating costs and overheads increasing by 7.5% in line with revenue growth from years 2 to year 5.

The following key assumptions were used in the discounted cash flow model for the BPT operation:

- 8.5% pre-tax discount rate;
- Expected revenue growth of 30% for FY2022, with expected revenue growth of 22.5% in year 2, decreasing each year until a 7.5% projected revenue growth rate for year 5. Growth rate for FY2022 is based on the 12 months FY2021 actuals, of which only 3 months were included in the CVCheck Group;
- Gross margin to remain consistent with that recognised in FY21;
- Employee benefits costs increase by 10% in the first year, then 3% thereafter;
- Other operating costs and overheads increasing in line with revenue growth from years 2 to year 5.

The pre-tax discount rate of 10.4% for CVCheck New Zealand and 8.5% for BPT, reflects management's estimate of the time value of money, the consolidated entity's weighted average cost of capital adjusted for the New Zealand and BPT businesses, and the risk-free rate.

Management believes the projected range of revenue growth is justified, based on the acquired business achieving significantly higher growth rates after leveraging off current operations.

There were no other key assumptions for the two operations.

## Notes to the Financial Statements continued

### Note 12. Intangibles and Goodwill continued

Based on the above, the recoverable amount of the New Zealand operation exceeded the carrying amount by \$9,584,428 and the BPT operations by \$2,803,183.

#### Sensitivity

As disclosed in Note 1, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The key sensitivity is as follows:

- i. For the purposes of impairment testing of goodwill, with all other assumptions remaining constant, forecast revenue of the New Zealand business would need to decrease by more than 19% and the BPT business by 15% before the goodwill asset would need to be impaired.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's recoverable amount to be less than the carrying amount.

### Note 13. Trade and Other Payables

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Trade payables	1,080,351	957,337
Accrued expenses <sup>1</sup>	1,695,808	569,436
Other payables	987,212	341,926
<b>Total Trade and Other Payables</b>	<b>3,763,371</b>	<b>1,868,699</b>

<sup>1</sup> Under the Share Purchase Agreement in relation to the acquisition of BPT, an amount is required to be paid to vendors in December 2021 for the settlement of working capital. As at 30 June 2021 the amount was \$663,390 and not expected to materially change.

### Note 14. Lease Liabilities

<b>CURRENT</b>		
Lease incentive	4,450	120,725
Lease liabilities	213,360	194,233
<b>Total Current Lease Liabilities</b>	<b>217,810</b>	<b>314,958</b>
<b>NON CURRENT</b>		
Lease liabilities	-	25,654
<b>Total Non-Current Lease Liabilities</b>	<b>-</b>	<b>25,654</b>
<b>Total Lease Liabilities</b>	<b>217,810</b>	<b>340,612</b>

## Notes to the Financial Statements continued

### Note 15. Employee Benefits

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Current portion of employee leave obligations	1,562,659	267,486
Non-current portion of employee leave obligations	-	99,153
<b>Total Employee Benefits</b>	<b>1,562,659</b>	<b>366,639</b>

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

### Note 16. Contract Liabilities

Contract liabilities	648,017	272,717
<b>Total Contract Liabilities</b>	<b>648,017</b>	<b>272,717</b>

This liability represents the current portion of unearned revenue comprised of payments received from customers for which a check has yet to be commenced. Revenue from these payments will be recognised once the processing of a check has commenced or 12 months after receipt of the payment.

#### Reconciliation

Reconciliation of the balance at the beginning and end of the current and previous financial year is set out below:

Opening balance:	272,717	332,704
Payments received in advance	1,629,725	1,045,277
Transfer to revenue – performance obligations satisfied in current financial year	(1,254,425)	(1,105,264)
	<b>648,017</b>	<b>272,717</b>

#### Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$648,017 as at 30 June 2021 (\$272,717 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

Within 6 months	207,537	148,725
6 to 12 months	440,480	123,992
	<b>648,017</b>	<b>272,717</b>

## Notes to the Financial Statements continued

### Note 17. Issued Capital

	Consolidated			
	30 June 2021		30 June 2020	
	No.	\$	No.	\$
<b>Fully Paid Ordinary Shares</b>				
<b>Balance at beginning of year</b>	<b>292,197,676</b>	<b>27,323,910</b>	<b>272,977,736</b>	<b>24,450,872</b>
Shares issued during the year:				
Share issued on 23 August 2019	-	-	19,119,940	3,059,190
Share issued on 25 September 2019	-	-	100,000	14,000
Shares issued on 18 February 2021 <sup>1</sup>	63,030,303	10,400,000	-	-
Shares issued to related party on 6 April 2021 <sup>2</sup>	606,061	100,000	-	-
Shares issued as consideration for acquisition on 6 April 2021 <sup>3</sup>	72,992,701	10,218,978	-	-
<b>Shares Issued</b>	<b>136,629,065</b>	<b>20,718,978</b>	<b>19,219,940</b>	<b>3,073,190</b>
Transaction costs relating to share issues (Cash-based)	-	(550,224)	-	(200,152)
Transaction costs relating to share issues (Equity-based) <sup>4</sup>	-	(299,596)	-	-
<b>Transaction Costs</b>	<b>-</b>	<b>(849,820)</b>	<b>-</b>	<b>(200,152)</b>
<b>Total Fully Paid Ordinary Shares</b>	<b>428,826,741</b>	<b>47,193,068</b>	<b>292,197,676</b>	<b>27,323,910</b>
<b>Total Issued Capital</b>	<b>428,826,741</b>	<b>47,193,068</b>	<b>292,197,676</b>	<b>27,323,910</b>

<sup>1</sup>Relates to the placement of 63,030,303 shares at \$0.165 per share to sophisticated and professional investors.

<sup>2</sup>Relates to the issue of 606,061 shares at \$0.165 per share to related party as approved at the General Meeting on 31 March 2021.

<sup>3</sup>Shares issued to vendors as consideration for the acquisition of BPT, see Note 21 for additional details.

<sup>4</sup>4,500,000 options issued to Brokers for services related to the \$10.5M capital raise in February 2021. The options were valued using a Black Scholes model with the associated value recognised as cost of raising capital. See Note 18 for the assumptions used to value the Broker options.

Ordinary shares participate in dividends and the proceeds on winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

### Note 18. Reserves

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Share-based payments reserve	1,083,585	255,933
Foreign currency translation reserve	(910)	(82,435)
<b>Total Reserves</b>	<b>1,082,675</b>	<b>173,498</b>

## Notes to the Financial Statements continued

### Note 18. Reserves continued

#### Options on issue at 30 June 2021

Issue of Share Options	Date of Issue	Number of Options	Vesting Conditions
Gusfam Pty Ltd ATF Gusfam Trust <sup>1</sup>	13 August 2018	2,500,000 <sup>2</sup>	Unlisted options vesting immediately with an exercise price of \$0.15, expiry date of 3 years from the date of issue, being 13 August 2021.
Gusfam Pty Ltd ATF Gusfam Trust <sup>1</sup>	13 August 2018	2,500,000 <sup>2</sup>	Unlisted options vesting immediately with an exercise price of \$0.25, expiry date of 3 years from the date of issue, being 13 August 2021.
Gusfam Pty Ltd ATF Gusfam Trust <sup>1</sup>	13 August 2018	2,500,000 <sup>2</sup>	Unlisted options with an exercise price of \$0.15, expiry date of 3 years from the date of issue, being 13 August 2021, and which only vest 12 months from Ivan Gustavino's appointment as Chair of CV Check Limited, being 13 August 2019, and are subject to his continued tenure in that role. <sup>3</sup>
Gusfam Pty Ltd ATF Gusfam Trust <sup>1</sup>	13 August 2018	2,500,000 <sup>2</sup>	Unlisted options with an exercise price of \$0.25, expiry date of 3 years from the date of issue, being 13 August 2021, and which only vest 12 months from Ivan Gustavino's appointment as Chair of CV Check Limited, being 13 August 2019, and are subject to his continued tenure in that role. <sup>3</sup>
Rod Sherwood (ZEPO Options)	12 December 2018	750,000	Executive options exercisable at \$0.068 and expire 3 years from date of issue, being 12 December 2021. Options will vest only if Rod Sherwood remains in the role of CEO as at 30 June 2019 and; the Executive options will vest on cash flow break even across the CVCheck Group being achieved and announced to the market for two consecutive quarters of FY19. <sup>3</sup>
Employee ZEPO Options	27 August 2020	524,491	Subject to vesting conditions and performance criteria. <sup>4</sup>
Employee ZEPO Options	28 October 2020	5,899,444	Subject to vesting conditions and performance criteria. <sup>5</sup>
Employee ZEPO Options	11 November 2020	557,143	Subject to vesting conditions and performance criteria. <sup>5</sup>
Rod Sherwood (ZEPO Options)	11 November 2020	1,365,000	Executive options exercisable at a nil exercise price and expire 2 years from date of issue, being 11 November 2022. Options are subject to Rod Sherwood's continued tenure for a period of 12 months from the date of issue, and market and non-market performance criteria are met. <sup>6</sup>
Rod Sherwood (PEPO Options)	11 November 2020	1,755,000	Executive options exercisable at \$0.022165 and expire 2.5 years from date of issue, being 11 May 2023. Options are subject to Rod Sherwood's continued tenure for a period of 18 months from the date of issue, and market and non-market performance criteria are met. <sup>6</sup>
Broker Options	18 February 2021	4,500,000	Unlisted options given to Brokers vesting immediately with an exercise price of \$0.371, expiry date of 3 years from the date of issue, being 18 February 2024. <sup>7</sup>

<sup>1</sup> Ivan Gustavino's spouse is the sole director of Gusfam Pty Ltd and Gusfam is a family trust.

<sup>2</sup> On 13 August 2021, the 10,000,000 unlisted options held by Gusfam Pty Ltd, lapsed unexercised.

<sup>3</sup> The vesting criteria for these options have been met.

<sup>4</sup> During the year 524,491 options were issued to Executives and Senior Managers as compensation for reduced salaries implemented as part of cost management measures as a result of the impact of COVID-19. Options are exercisable at a nil exercise price and expire two years from the date of issue. Options will only vest if employees remain employed by the Group for 12 months from the date of issue of the options.

<sup>5</sup> During the year 6,456,587 options were issued to employees under the EIOP. Options are exercisable at a nil exercise price and expire two years from the date of each individual issue. Vesting conditions are based on non-market metrics of the Group performance and employees must remain employed by the Group for 12 months from the date of the issue of the options.

<sup>6</sup> Rod Sherwood terminated his employment with CVCheck on 17 April 2021. As a number of the market and non-market vesting conditions had been met during the FY2021 year, the Board has resolved to waive the condition in relation to the continued tenure.

<sup>7</sup> 4,500,000 options issued to Brokers for services related to the \$10.5M capital raise in February 2021.

## Notes to the Financial Statements continued

### Note 18. Reserves continued

#### Nature and purpose of reserves

Share-based payments reserve arises on the grant of performance rights and options to the Chair, management and the Company's corporate advisors. Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a foreign subsidiary.

#### Share-based payments

	30 June 2021		30 June 2020	
	No.	\$	No.	\$
<b>Options over fully paid ordinary shares</b>				
<b>Balance at beginning of year</b>	<b>14,154,600</b>	<b>255,933</b>	<b>12,500,000</b>	<b>237,374</b>
Vested Options	-	-	-	18,559
Employee ZEPO Options	6,981,078	464,546	1,250,080 <sup>1</sup>	-
Executive PEPO Options	1,755,000	40,182	1,154,520 <sup>1</sup>	-
Executive Options	1,365,000	66,321	-	-
<b>Recognised in the Statement of Profit or Loss</b>	<b>10,101,078</b>	<b>571,049</b>	<b>2,404,600</b>	<b>18,559</b>
Broker Options	4,500,000	299,596	-	-
<b>Recognised in the Statement of Financial Position<sup>2</sup></b>	<b>4,500,000</b>	<b>299,596</b>	<b>-</b>	<b>-</b>
<b>Total recognised</b>	<b>14,601,078</b>	<b>870,645</b>	<b>2,404,600</b>	<b>18,559</b>
Options lapsed <sup>3</sup>	(3,404,600)	(42,993)	(750,000)	-
<b>Balance at the end of the year</b>	<b>25,351,078</b>	<b>1,083,585</b>	<b>14,154,600</b>	<b>255,933</b>
<b>Total Share Based Payment Reserve</b>	<b>25,351,078</b>	<b>1,083,585</b>	<b>14,154,600</b>	<b>255,933</b>

<sup>1</sup> The vesting criteria were not met and options lapsed and were cancelled on 4 August 2020

<sup>2</sup> The 4,500,000 options were issued to Brokers for services associated with the \$10.5M capital raise in February 2021. The cost of these options was recognised as a cost of capital and recognised in equity.

<sup>3</sup> \$42,993 was transferred to accumulated losses from the share-based payment reserve due to options lapsed relating to 1,000,000 options that lapsed unexercised on 26 May 2021.

Set out below are the options exercisable at the end of the financial year.

Issue Date	Expiry Date	2021 Number	2020 Number
26-Apr-17	26-May-21	-	1,000,000
13-Aug-18	13-Aug-21	2,500,000 <sup>1</sup>	2,500,000
13-Aug-18	13-Aug-21	2,500,000 <sup>1</sup>	2,500,000
13-Aug-18	13-Aug-21	2,500,000 <sup>1</sup>	2,500,000
13-Aug-18	13-Aug-21	2,500,000 <sup>1</sup>	2,500,000
12-Dec-18	12-Dec-21	750,000	750,000
29-Oct-19	29-Oct-21	-	1,250,080 <sup>2</sup>
29-Oct-19	29-Apr-22	-	1,154,520 <sup>2</sup>
27-Aug-20	27-Aug-22	524,491	-
28-Oct-20	28-Oct-22	5,899,444	-
11-Nov-20	11-Nov-22	1,365,000	-
11-Nov-20	11-Nov-22	557,143	-
11-Nov-20	11-May-23	1,755,000	-
18-Feb-21	18-Feb-24	4,500,000	-
<b>Total options exercisable at the end of the year</b>		<b>25,351,078</b>	<b>14,154,600</b>

<sup>1</sup> On 13 August 2021, the 10,000,000 unlisted options held by Gusfam Pty Ltd, lapsed unexercised

<sup>2</sup> The vesting criteria were not met and options lapsed and were cancelled on 4 August 2020

## Notes to the Financial Statements continued

### Note 18. Reserves continued

#### Share based payments continued

The weighted average exercise price of the outstanding options as at 30 June 2021 was 16.2 cents (30 June 2020: 18.2 cents).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.1 years (30 June 2020: 1.21 years). The value attributed to share options issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value of volatility of the price of the underlying shares.

A combination of Black Scholes and Binomial pricing models were used to determine the estimated fair value of options granted during the year ended 30 June 2021 and 30 June 2020. The following assumptions were used:

Grant Date	Expiry Date	Number	Share Price At Grant Date Cents Per Share	Exercise Price Cents Per Share	Expected Volatility	Dividend Yield	Risk Free Interest Rate	Fair Value At Grant Date Cents Per Share
<b>30 June 2021</b>								
18-Aug-20	27-Aug-22	524,491	8.8	-	91.2%	-	0.25%	8.7
7-Oct-20	28-Oct-22	5,899,444	15.0	-	94.5%	-	0.14%	15.0
4-Nov-20	4-Nov-22	819,000 <sup>1</sup>	16.0	-	95.0%	-	0.10%	16.0
4-Nov-20	4-Nov-22	109,200 <sup>1</sup>	16.0	-	95.0%	-	0.10%	15.7
4-Nov-20	4-Nov-22	109,200 <sup>1</sup>	16.0	-	95.0%	-	0.10%	13.6
4-Nov-20	4-Nov-22	147,420 <sup>1</sup>	16.0	-	95.0%	-	0.10%	10.9
4-Nov-20	4-Nov-22	180,180 <sup>1</sup>	16.0	-	95.0%	-	0.10%	8.7
5-Nov-20	11-Nov-22	557,143	15.0	-	95.1%	-	0.10%	15.0
4-Nov-20	4-May-23	1,053,000 <sup>1</sup>	16.0	22.2	95.0%	-	0.12%	7.6
4-Nov-20	4-May-23	140,400 <sup>1</sup>	16.0	22.2	95.0%	-	0.12%	6.5
4-Nov-20	4-May-23	140,400 <sup>1</sup>	16.0	22.2	95.0%	-	0.12%	6.1
4-Nov-20	4-May-23	189,540 <sup>1</sup>	16.0	22.2	95.0%	-	0.12%	5.4
4-Nov-20	4-May-23	231,660 <sup>1</sup>	16.0	22.2	95.0%	-	0.12%	4.5
18-Feb-21	18-Feb-24	4,500,000	17.0	37.1	90.0%	-	0.12%	6.7
<b>30 June 2020</b>								
29-Oct-19	29-Oct-21	1,250,080 <sup>2</sup>	15.5	-	-	-	-	-
29-Oct-19	29-Apr-22	1,154,520 <sup>2</sup>	15.5	20.0	-	-	-	-

<sup>1</sup> Market based performance conditions for the 1,365,000 ZEPO and the 1,755,000 PEPO options for Rod Sherwood, were valued using a binomial pricing model using the above assumptions, all other performance conditions were valued using Black Scholes model.

<sup>2</sup> ZEPO and PEPO options granted on 29 October did not meet vesting criteria and were cancelled on 4 August 2020

#### Foreign currency translation reserve

Information on the movement of the foreign currency translation reserve is set out below:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Balance at beginning of the year	(82,435)	22,993
Exchange difference on translation of foreign operations	81,525	(105,428)
<b>Balance at the end of the year</b>	<b>(910)</b>	<b>(82,435)</b>

# Notes to the Financial Statements continued

## Note 19. Accumulated Losses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Balance at beginning of the year	(21,100,982)	(19,847,946)
Loss after income tax benefit for the year	(1,008,141)	(1,253,036)
Reclassification between reserves <sup>1</sup>	42,993	-
<b>Balance at the end of the year</b>	<b>(22,066,130)</b>	<b>(21,100,982)</b>

<sup>1</sup>\$42,993 was transferred to accumulated losses from the share-based payment reserve due to options lapsed relating to 1,000,000 options that lapsed unexercised on 26 May 2021.

## Note 20. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the consolidated entity's accounting policy described in Note 1.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			30 June 2021	30 June 2020
			%	%
CV Check (NZ) Ltd	New Zealand	Ordinary	100%	100%
Credentials Management Information Systems Pty Ltd	Australia	Ordinary	100%	-
CI6 Pty Ltd	Australia	Ordinary	100%	-
Bright People Technologies Pty Ltd	Australia	Ordinary	100%	-
FIFO 360 Pty Ltd	Australia	Ordinary	100%	-
Carbon6 Pty Ltd	Australia	Ordinary	100%	-
Westgame Pty Ltd	Australia	Ordinary	100%	-

## Notes to the Financial Statements continued

### Note 21. Business Combinations

On 6 April 2021 the Group acquired 100% of the issued capital of Cl6 Pty Ltd, an entity that owns 100% of Bright People Technologies and associated group entities ('BPT'). The acquisition has increased the Group's market share in the global screening and verification space and complements the Group's existing market offering.

The acquired business contributed revenues of \$1,405,611 and net profit of \$180,574 to the Group for the period 6 April to 30 June 2021. If the acquisition had occurred on 1 July 2020, consolidated pro-forma revenue and loss for the year ended 30 June 2021 would have been \$21,601,574 and \$970,413 respectively. The values identified in relation to the acquisition of BPT are final as at 30 June 2021.

#### Details of the acquisition are as follows:

	\$
Cash and cash equivalents	58,410
Trade and other receivables	980,167
Prepayments and other current assets	22,501
Plant and equipment	47,908
Software	7,381,000
Customer contracts	1,001,000
Customer relationships	1,730,000
<b>Total Assets:</b>	<b>11,220,986</b>
Trade and other payables	(519,058)
Bank and shareholder loans	(1,782,068)
Lease liability	(138,695)
Contract liabilities	(103,938)
Employee benefits	(1,104,924)
<b>Total Liabilities:</b>	<b>(3,648,683)</b>
<b>Net assets Acquired</b>	<b>7,572,303</b>
Less cash and cash equivalents acquired	(58,410)
Goodwill	3,310,065
<b>Acquisition-date fair value of the total consideration transferred:</b>	<b>10,823,958</b>
Deferred cash payable to vendor <sup>1</sup>	(663,390)
Shares issued to vendor <sup>2</sup>	(10,218,978)
<b>Net cash on the acquisition of BPT on acquisition date</b>	<b>(58,410)</b>
Acquisition related costs expensed to profit or loss	733,082

<sup>1</sup> Deferred payment of \$663,390 to be paid to vendors in December 2021.

<sup>2</sup> 72,992,701 consideration shares were issued to vendors on 6 April 2021. The share price on the acquisition date was 14 cents per share which has been used to determine the fair value of the share consideration for acquisition purposes.

The fair value of trade receivables is \$977,341. The gross contractual amount for trade receivables due is \$977,341, of which the total amount has been subsequently collected up to the date of signing this report.

## Notes to the Financial Statements continued

### Note 22. Segment Reporting

#### *Primary Reporting Format - Business Segments*

The consolidated entity is organised into two operating segments based on geographical locations consisting of Australia and New Zealand.

#### *Identification of reportable operating segments*

The operating segments are identified based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Performance is measured based on segment operating profit. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM on a monthly basis.

#### *Types of products and services*

Both the Australian and New Zealand segments' principal products are the provision of screening and verification services and the provision of SaaS-based workforce management and compliance technology systems.

#### *Intersegment Transactions*

Intersegment transactions were made at market rates. The Australian operating segment purchases certain verification and screening products and recharges them to the New Zealand business at market price. Intersegment transactions are eliminated on consolidation.

#### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

#### *Major customers*

The Group has no material reliance on a specific customer.

# Notes to the Financial Statements continued

## Note 22. Segment reporting continued

	Australia	New Zealand	Intersegment	Total
	\$	\$	eliminations	\$
<b>30 June 2021</b>				
<b>Revenue</b>				
Sales	14,984,259	2,492,825	-	17,477,084
Other income	804,402 <sup>1</sup>	-	(300,096)	504,306
Interest income	129,395	89	(80,219)	49,265
<b>Total income</b>	<b>15,918,056</b>	<b>2,492,914</b>	<b>(380,315)</b>	<b>18,030,655</b>
<b>EBITDA</b>	(168,848)	535,817	(124,831)	242,138
Depreciation and amortisation	(1,242,968)	(70,027)	-	(1,312,995)
Interest income	129,395	89	(80,219)	49,265
Interest expense	(18,480)	(84,978)	80,219	(23,239)
<b>(Loss)/Profit before income tax expense</b>	<b>(1,300,901)</b>	<b>380,901</b>	<b>(124,831)</b>	<b>(1,044,831)</b>
Income tax expense	155,720	(119,030)	-	36,690
<b>(Loss)/Profit after income tax expense</b>	<b>(1,145,181)</b>	<b>261,871</b>	<b>(124,831)</b>	<b>(1,008,141)</b>
<b>Assets</b>				
Segment assets	61,395,366 <sup>2</sup>	2,305,331	(31,193,148)	32,507,549
<b>Total assets</b>	<b>61,395,366</b>	<b>2,305,331</b>	<b>(31,193,148)</b>	<b>32,507,549</b>
<b>Liabilities</b>				
Segment liabilities	33,646,406	2,025,766 <sup>2</sup>	(29,374,236)	6,297,936
<b>Total liabilities</b>	<b>33,646,406</b>	<b>2,025,766</b>	<b>(29,374,236)</b>	<b>6,297,936</b>

<sup>1</sup> Income received during FY2021 associated with government grants and incentives such as JobKeeper, Cashflow Boost, and Payroll Tax refunds

<sup>2</sup> Before the elimination of inter-company loans

# Notes to the Financial Statements continued

## Note 22. Segment reporting continued

	Australia	New Zealand	Intersegment	Total
	\$		eliminations	
<b>30 June 2020</b>				
<b>Revenue</b>				
Sales	10,366,554	2,000,912	-	12,367,466
Other income	803,339 <sup>1</sup>	-	(300,000)	503,339
Interest income	125,229	176	(92,356)	33,049
<b>Total income</b>	<b>11,295,122</b>	<b>2,001,088</b>	<b>(392,356)</b>	<b>12,903,854</b>
<b>EBITDA</b>	(578,449)	216,830	-	(361,619)
Depreciation and amortisation	(1,010,830)	(71,539)	-	(1,082,369)
Interest income	125,229	176	(92,356)	33,049
Interest Expense	(37,702)	(110,798)	92,356	(56,144)
<b>(Loss)/Profit before income tax expense</b>	<b>(1,501,752)</b>	<b>34,669</b>	<b>-</b>	<b>(1,467,083)</b>
Income tax benefit	214,047	-	-	214,047
<b>(Loss)/Profit after income tax expense</b>	<b>(1,287,705)</b>	<b>34,669</b>	<b>-</b>	<b>(1,253,036)</b>
<b>Assets</b>				
Segment assets	9,019,941 <sup>2</sup>	1,927,909	(1,702,757)	9,245,093
<b>Total assets</b>	<b>9,019,941</b>	<b>1,927,909</b>	<b>(1,702,757)</b>	<b>9,245,093</b>
<b>Liabilities</b>				
Segment liabilities	2,621,689	1,891,228 <sup>2</sup>	(1,664,250)	2,848,667
<b>Total liabilities</b>	<b>2,621,689</b>	<b>1,891,228</b>	<b>(1,664,250)</b>	<b>2,848,667</b>

<sup>1</sup> Income received during FY2020 associated with government grants and incentives such as JobKeeper, Cashflow Boost, and Payroll Tax refunds and New Zealand Wages subsidy have been reclassified from Director and employee benefits expense to Other Income to provide greater transparency on payroll and associated cost incurred by the business.

<sup>2</sup> Before the elimination of inter-company loans

## Notes to the Financial Statements continued

### Note 23. Cashflow information

#### Reconciliation of cash flow from operations with loss after tax

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<b>Net loss for the year after income tax</b>	<b>(1,008,141)</b>	<b>(1,253,036)</b>
<b>Non-Cash</b>		
Amortisation expense	979,223	753,340
Depreciation expense	333,772	329,029
Share-based payments expense	571,049	18,559
Unrealised foreign exchange losses	22,863	-
<b>Changes in operating assets and liabilities</b>		
<b>Changes in assets</b>		
(Increase) / decrease in trade and other receivables	(1,092,873)	(118,068)
(Increase) / decrease in prepayments and other assets	58,785	195,384
<b>Changes in liabilities</b>		
Increase / (decrease) in trade and other payables	712,224	(503,295)
Increase / (decrease) in employee provisions	91,096	154,198
Increase / (decrease) in contract liabilities	271,362	(59,987)
Increase / (decrease) in tax liability	106,079	-
<b>Net cash flows from / (used in) operating activities</b>	<b>1,045,439</b>	<b>(483,876)</b>

## Notes to the Financial Statements continued

### Note 24. Parent entity disclosures

The accounting policies of the Parent entity, which have been applied in determining the financial information shown below, are the same as those applied in these consolidated financial statements.

Set out below is the supplementary information about the parent entity.

	30 June 2021	30 June 2020
	\$	\$
<b>Financial Position</b>		
<b>Assets</b>		
Current assets	28,888,520	7,245,987
Non-Current assets	1,622,683	1,773,954
<b>Total assets<sup>1</sup></b>	<b>30,511,203</b>	<b>9,019,941</b>
<b>Liabilities</b>		
Current liabilities	4,424,079	2,522,536
Non-Current liabilities	-	99,153
<b>Total liabilities</b>	<b>4,424,079</b>	<b>2,621,689</b>
<b>Net Assets</b>	<b>26,087,124</b>	<b>6,398,252</b>
<b>Equity</b>		
Issued capital	47,193,068	27,323,910
Reserves	1,083,585	255,933
Accumulated losses	(22,189,529)	(21,181,591)
<b>Total equity</b>	<b>26,087,124</b>	<b>6,398,252</b>
<b>Financial Performance</b>		
Loss for the year	(1,050,931)	(1,287,705)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(1,050,931)</b>	<b>(1,287,705)</b>

<sup>1</sup> Before elimination of inter-company loans

<sup>2</sup> \$42,993 was reclassified between reserves relating to options that expired during the year

#### Guarantees of the Parent Entity

There are no guarantees provided by the parent entity other than as disclosed in Note 25.

#### Contingent liabilities of the Parent Entity

There are no contingent liabilities of the parent entity other than as disclosed in Note 25.

#### Capital commitments of the Parent Entity

There are no capital commitments of the parent entity other than as disclosed in Note 25.

## Notes to the Financial Statements continued

### Note 25. Commitments and Contingencies

#### Commitments

Leases relate to office and short-term residential premises and office equipment leases with lease terms not exceeding 5 years are recognised as a right of use asset and lease liability, see Notes 11 and 14.

There are no other material commitments as at 30 June 2021 (2020: Nil).

#### Contingent assets

There are no contingent assets as at 30 June 2021 (2020: Nil).

#### Contingent liabilities

There are no contingent liabilities as at 30 June 2021 (2020: Nil).

### Note 26. Related Party Transactions

#### Parent entity

CV Check Limited is the parent entity.

#### Subsidiary

Interests in subsidiary are set out in Note 20.

#### Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 5 and the Remuneration Report included in the Directors' Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### *Transactions with related parties*

From the date of acquiring BPT, the consolidated entity made contractual payments of \$35,000 to Wavescope Investments Pty Ltd, a related party of Jon Birman, in relation to the leased premises at 35 Oxford Close, West Leederville, no longer utilised by BPT. The consolidated entity is currently looking for potential tenants to sub lease the property until the end of the lease term expiring on 7 February 2022.

#### *Loan to Directors and their related parties*

No loans have been made to any Director or any of their related parties, during the year (2020: Nil). There were no further transactions with Directors including their related parties, not disclosed above.

## Notes to the Financial Statements continued

### Note 27. Financial Risk Management Objectives and Policies

#### a) Financial Instruments

The consolidated entity's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and lease liability. The carrying amounts of financial instruments reflect their fair value:

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Cash and cash equivalents	12,905,805	4,627,716
Trade and other receivables	2,956,765	883,725
Trade and other payables <sup>1</sup>	3,763,371	1,868,699
Lease liabilities	217,810	340,612

<sup>1</sup>Excludes lease incentive

#### b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the implementation of that system on a regular basis. The Board is assisted by the Audit & Risk Committee which also regularly reviews the consolidated entity's risks, effectiveness of risk mitigation steps and processes and provides recommendations to the Board.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the consolidated entity, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Management report risks identified to the Board and CEO through their reports and to the CEO at relevant management meetings.

The consolidated entity seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost-effective manner.

#### c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and financial liabilities represents their fair values determined in accordance with their accounting policies. Interest revenue on cash and cash equivalents is disclosed in Note 2 and the return thereon as at each financial year end is disclosed in Note 8.

#### d) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the consolidated entity may issue new shares or reduce its capital, subject to the provisions of the consolidated entity's constitution. The capital structure of the consolidated entity consists of equity attributed to equity holders of the consolidated entity, comprising contributed equity, reserves and accumulated losses disclosed in Notes 17, 18 and 19.

By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by Management, the Board monitors the need to raise additional equity from the equity markets.

Taking account of the consolidated entity's current stage of development and the inherent business risks therein, the Board considers it inappropriate to add financial risk by introducing material levels of debt into the capital structure.

## Notes to the Financial Statements continued

### Note 27. Financial Risk Management Objectives and Policies continued

#### e) Financial Risk Management

The key financial risks the consolidated entity is exposed to through its operations are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

##### Interest Rate Risk

The consolidated entity is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the consolidated entity's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

The consolidated entity has a bias to ensuring high availability of liquidity to ensure underlying business opportunities are maximised. Term deposits may be utilised from time to time to enhance interest returns over at call bank accounts; the consolidated entity's cash flow forecast forms the key consideration to the term adopted.

Interest rate risk is considered when managing consolidated entity funds. The consolidated entity considers the interest rate received by retaining cash and cash equivalents in the consolidated entity's operating account compared to placing funds into a term deposit; in recent times interest rates available to the consolidated entity for at call or near call accounts have been more attractive than those available in the term deposit market.

The consolidated entity's exposure to interest rate risk and the weighted average interest rates on the consolidated entity's financial assets and financial liabilities is as follows:

	Weighted average interest rate %	30 June 2021 \$	Weighted average interest rate %	30 June 2020 \$
Cash and cash equivalents	0.562%	12,905,805	0.725%	4,627,716

There has been no material change to the consolidated entity's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2021.

##### Sensitivity analysis – interest rates

The sensitivity effect of possible interest rate movements is not disclosed as they are immaterial.

##### Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk via the trade and other receivables and trade and other payables that it holds. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The consolidated entity does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing. To date the annual total value of transactions subject to foreign currency risk has been immaterial and is monitored with monthly reporting cycles.

The following financial assets and liabilities are subject to foreign currency risk:

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
Trade payables (AUD/GBP)	6,934	6,737
Trade payables (AUD/USD)	27,748	44,457
Trade payables (AUD/NZD)	47	-

Foreign currency risk is measured by regular review of cash forecasts, monitoring the dollar amount and currencies that payments are anticipated to be paid in. The consolidated entity also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by Management to be too high, then Management has authority to take steps to reduce the risk.

## Notes to the Financial Statements continued

### Note 27. Financial Risk Management Objectives and Policies continued

#### Financial Risk Management continued

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice, or may include negotiations with suppliers to make payment in our functional currency, or may include holding receipted foreign currency funds in a foreign currency denominated bank account to make future payments denominated in that same currency. Should Management determine that the consolidated entity consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

The consolidated entity conducts activities outside of Australia that expose it to transactional currency movements, where the consolidated entity is required to pay in a currency other than its functional currency.

There has been no change in the manner the consolidated entity manages and measures its risk in the year ended 30 June 2021.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity has analysed its trade and other receivables below:

	0-30 days \$	31-60 days \$	61-90 days \$	90+ days \$
2021 Trade and other receivables	1,874,384	360,580	317,502	404,299
2020 Trade and other receivables	609,723	112,181	69,713	92,108

#### Liquidity Risk

The consolidated entity is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the consolidated entity will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the consolidated entity's Management at Board meetings to ensure that the consolidated entity continues to be able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flow forecasts whether the consolidated entity needs to raise additional funding from the equity markets.

The consolidated entity has analysed its trade and other payables below:

	0-30 days \$	31-60 days \$	61-90 days \$	90+ days \$
2021 Trade and other payables <sup>1</sup>	3,008,307	66,065	1,925	687,074
2020 Trade and other payables <sup>1</sup>	1,942,224	73,520	72,384	458

<sup>1</sup>Excludes lease incentive

There is no material risk on fair values as trade and other payables are assumed to approximate their fair values due to their short-term nature.

## Notes to the Financial Statements continued

### Note 28. Events after the Reporting Date

Rod Sherwood ceased as Chief Executive Officer of the consolidated entity on 16 July 2021. Michael Ivanchenko has signed a contract to commence as Chief Executive Officer from 30 August 2021.

On 13 August 2021, 10,000,000 unlisted options held by Gusfam Pty Ltd, a related party of Ivan Gustavino's, lapsed unexercised.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

### Note 29. Company Details

The registered office and principal place of business of the Company is:

The Garden Office Park, Level 2, Building E, 355 Scarborough Beach Road, Osborne Park WA 6017.

## Directors' Declaration

The Directors declare that:

- a) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2021 and performance for the year ended 30 June 2021 of the consolidated entity; and
- b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1.
- c) The directors have been given the declaration required by s.295A of the *Corporations Act 2001*.

In the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*. On behalf of the Board:



**Ivan Gustavino**

Executive Chairman

# Independent Auditor's Report



## RSM Australia Partners

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## INDEPENDENT AUDITOR'S REPORT

To the Members of CV Check Ltd

### Opinion

We have audited the financial report of CV Check Ltd (**Company**) and its subsidiaries (**Group**), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (**Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## THE POWER OF BEING UNDERSTOOD

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RSM Australia Partners ABN 36 965 185 036

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed this matter
<b>Impairment of goodwill</b> - refer to Note 12 in the financial statements	
<p>The Group has goodwill of \$1,359,665 and \$3,310,065 relating to its subsidiaries CV Check (NZ) Ltd and Bright People Technologies Pty Ltd respectively.</p> <p>We focused on this area as a key audit matter due to the size of the goodwill balance, the requirement to test goodwill annually for impairment and because the directors' assessment of the value in use of the cash generating unit (<b>CGU</b>) involves significant management judgements about the future underlying cash flows of the business and the discount rate applied.</p> <p>For the year ended 30 June 2021, management has performed an impairment assessment over the goodwill balance by:</p> <ul style="list-style-type: none"> <li>Calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for five years, with a terminal growth rate applied to the fifth year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (<b>WACC</b>);</li> <li>Comparing the resulting value in use of the CGU to the carrying amount; and</li> <li>Performing a sensitivity analysis over the value in use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.</li> </ul>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>Assessing management's determination that the goodwill should be allocated to CV Check (NZ) Ltd and Bright People Technologies Pty Ltd as a single CGU respectively based on the nature of the Group's business and the way results are monitored and reported;</li> <li>Assessing the valuation methodology used;</li> <li>Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates and sensitivities used; and</li> <li>Checking the mathematical accuracy of the cash flow model and reconciling input data to supporting evidence, such as actual results.</li> </ul>

Key audit matter	How our audit addressed this matter
<b>Acquisition of Bright People Technologies Pty Ltd</b> - refer to Note 21 in the financial statements	
<p>On 6 April 2021, the Company completed the acquisition of Bright People Technologies Pty Ltd.</p> <p>The transaction was treated as a business combination in accordance with AASB 3 <i>Business Combinations</i>. The purchase price allocation has resulted in intangible assets of \$13,422,065 consisting of software, customer contracts, customer relationships and goodwill being recognised.</p> <p>This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of the consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining the signed share purchase agreement in order to gain an understanding of the transaction and the related accounting considerations;</li> <li>• Determination that the acquisition met the definition of a business in accordance with Accounting Standards;</li> <li>• Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; and</li> <li>• Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.</li> </ul>

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CV Check Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'David Wall'.

David Wall  
Partner  
RSM Australia Partners

Perth, WA  
Dated: 26 August 2021

## Shareholder and Other Information

The following details of shareholders of CV Check Limited have been taken from the Share Register on 20 August 2021.

### Number of Holders of Equity Securities Ordinary Share Capital

355,834,040 fully paid Ordinary Shares are held by 1,243 individual shareholders.

72,992,701 fully paid Ordinary Shares held in Escrow until 31 December 2022.

### Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Unquoted Securities

	Number on issue	Number of holders
Options with an exercise price of 6.8 cents and expiring 12 December 2021	750,000	1
Options with a zero exercise price and expiring 27 August 2022	524,491	5
Options with a zero exercise price and expiring 28 October 2022	5,899,444	9
Options with a zero exercise price and expiring 11 November 2022	1,365,000	1
Options with a zero exercise price and expiring 11 November 2022	557,143	2
Options with an exercise price of 22.2 cents and expiring 11 May 2023	1,755,000	1
Options with an exercise price of 37.1 cents and expiring 18 February 2024	4,500,000	3

### Distribution of Equitable Securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Total units	%
1 to 1,000	48	15,362	0.00%
1,001 to 5,000	206	723,211	0.20%
5,001 to 10,000	216	1,745,478	0.49%
10,001 to 100,000	649	24,724,033	6.95%
100,001 and over	325	401,618,657	92.35%
<b>Total</b>	<b>1,439</b>	<b>428,826,741</b>	<b>100.00%</b>
Holding less than a marketable parcel	103	130,901	

# Shareholder and Other Information continued

## Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number of Ordinary Shares Held	% of Ordinary Shares
NATIONAL NOMINEES LIMITED	49,788,766	11.61%
BEV AND STEVE CAROLAN	47,284,043	11.03%
NICDAM PTY LTD <BIRMAN FAMILY A/C>	21,897,811	5.11%
DECLAN STEPHEN HOARE <CARBON 1 A/C>	14,598,540	3.40%
PETRA JANE NELSON <CARBON 2 A/C>	14,598,540	3.40%
RODNEY AND GAYNOR SHERWOOD	14,358,770	3.35%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,431,776	3.13%
WEST PORT MANAGEMENT PTY LTD <CALLAHAN FAMILY A/C>	10,948,905	2.55%
JOHN RAYMOND SHAW <JSA A/C>	10,948,905	2.55%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	10,771,168	2.51%
MR NEAL PHILLIP CONLIFFE & MS ALISON MARGARET CONLIFFE <METROGUARD SUPER FUND A/C>	7,222,002	1.68%
STEPHENS GROUP SUPER FUND PTY LTD <STEPHENS GROUP S/F A/C>	6,000,000	1.40%
MR MICHAEL MCPHERSON STEWART & MRS JUDITH STEWART <THE STEWART FAMILY S/F A/C>	5,548,003	1.29%
MR DAVID JOHN MYERS & MRS AMANDA MYERS	5,024,932	1.17%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,456,578	1.04%
MR ALAN TREVOR PEARLMAN & MRS KERRIE ANNE PEARLMAN <KERRIE PEARLMAN FAMILY A/C>	4,259,813	0.99%
KENTRO PTY LTD <RICHARD HILL FAMILY A/C>	4,231,065	0.99%
GARSIND PTY LTD <RUTH ROSS SUPER FUND A/C>	3,648,983	0.85%
STEWART ALEXANDER PTY LTD <SHARP FAMILY A/C>	3,202,817	0.75%
STEPHENS FAMILY	3,150,000	0.73%
<b>Total</b>	<b>255,371,417</b>	<b>55.10%</b>
<b>Total issued capital - selected security class(es)</b>	<b>428,826,741</b>	<b>100.00%</b>

## Shareholder and Other Information continued

### Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	%
National Nominees Ltd	49,788,766	13.99%
Beverley Ruth Carolan	47,284,043	13.29%
Nicdam Pty Ltd	21,897,811	5.11%

### Holders of more than 20% Unquoted Equity Securities

#### Unlisted options

	Options	
	Number held	%
Rodney Cameron Sherwood	750,000	100.00%

	Options	
	Number held	%
Rodney Cameron Sherwood	1,365,000	100.00%

	Options	
	Number held	%
Rodney Cameron Sherwood	1,755,000	100.00%

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