



30th October 2019

Xref Positioned to Deliver Record Performance in FY20

- New quarterly credit usage record of \$2.24 million
- New quarterly cash receipts record of \$3.53 million
- Credit sales of \$2.46 million
- Growth in channel, sales teams, ARPA, product and integrations

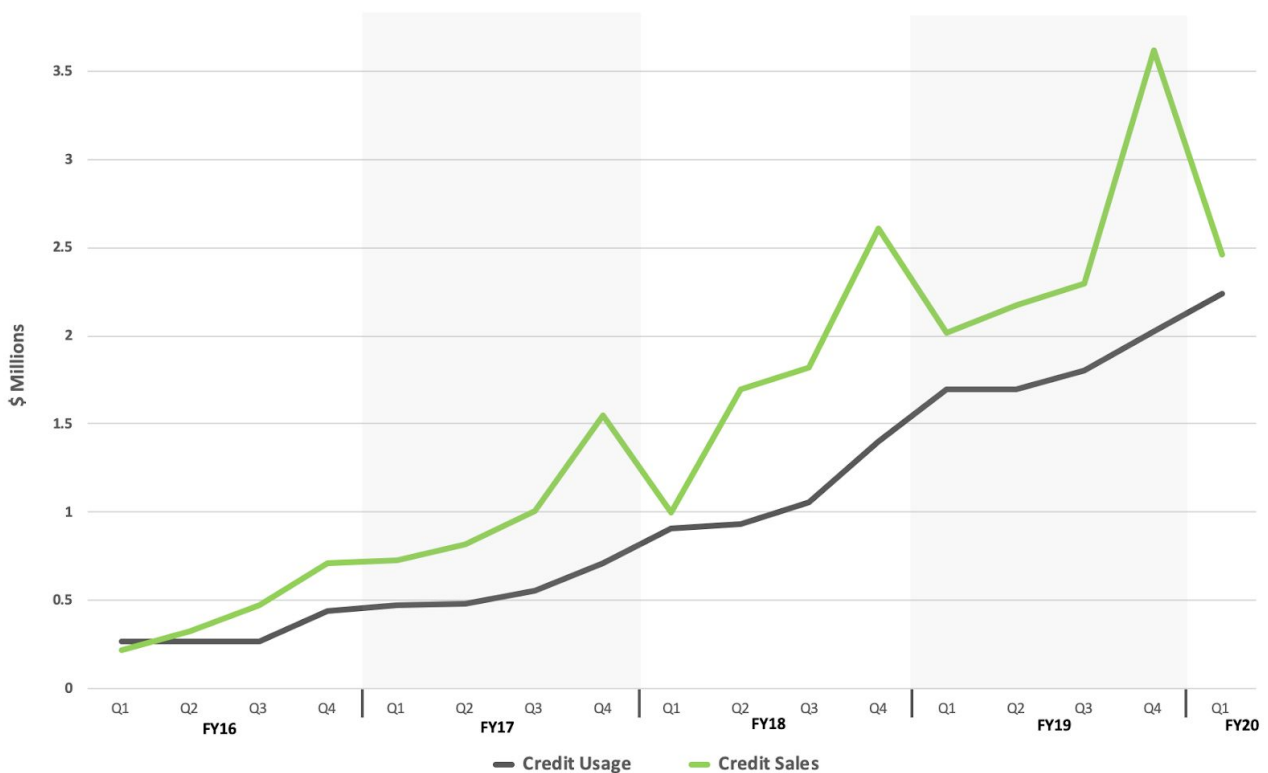
Xref Limited (**ASX: XF1**) ("Xref" or the "Company"), the human resources technology company, has today released the details of a high-growth and development period for the Company during Q1 FY20.

Sales & Credit Usage

Xref achieved record credit usage and cash receipts in Q1 FY20. Compared to Q1 FY19, sales increased by 23% to \$2.46 million, and credit usage increased by 32% to \$2.24 million.

Xref's growth trajectory continued throughout Q1 FY20. The first quarter is traditionally the Company's lowest sales period due to seasonal fluctuations in the Australian recruitment industry following the financial year end and the summer holiday season in the Northern hemisphere.

Quarterly cash receipts were \$3.53 million following the Company's record sales in June, a 31% increase on the \$2.7 million recorded in the previous corresponding quarter. The record sales achieved during Q4 FY19 translated to strong cash receipts during Q1 FY20.



New Clients

New clients added during the quarter included: **Ministry of Social Development**, New Zealand, **Tourism Australia & Schneider Electric**, Australia, **Turner & Townsend**, UK, **Texas A&M University** (Released 17th September 2019), **Mastery Schools**, US, **Trondheim Kommune**, Norway, and **Brussels Airlines**, Belgium.

Further information about these new clients follows as an appendix to this announcement.

Strong Client Adoption - Q1 FY19 Client Cohort Grows 188%

On October 24th 2018, Xref announced the acquisition of 103 new clients during Q1 FY19. After 12 months, all of these clients remain active and revenues generated from them have grown 188% collectively. In Q1 FY18 these clients had spent an average of \$5,431, by September 30th 2019 the same clients had spent an average of \$15,681. This strong trend of organic revenue growth from customer cohorts over time supports Xref's strategy of landing and expanding in new markets and it will continue to be a major growth driver for the Company during FY20. Relevantly, 80% of Xref's clients have joined within the last 24 months. .

Xref Lite Delivers Revenue in First Week

The Xref Lite service opens up a significantly wider market of potential users looking for an on-demand solution backed by the breadth and power of Xref's enterprise platform. Xref has seen its first customers join the Xref Lite service just one week after launch. In particular, Xref has for the first time witnessed a client creating a Lite account, purchasing credits and requesting their first reference check within an hour. This realises Xref's 'One Day' promise made in FY19, to be found by and transact with a new client within 24hrs (Xref Lite Release 22nd October 2019).

Xref has a leveraged go-to-market strategy in place for Xref Lite, which will include:

- integration partners using the Lite product as an introduction to Xref for their customers;
- using the product as a method for engaging those that have come into contact with the platform, as a referee, customer or prospect, over the last nine years; and
- adopting marketing activities that drive leads across both current and new regions.

30% Growth of Sales Team

The sales and account management team grew by 30% during Q1 FY20 to 30 executives. This included growth in all regions as well as a new office in New Zealand and remote sales executives added in Ireland and the US. Xref also welcomed Steve Sutcliffe as APAC GM of Sales.

The release of Xref Lite allows the growing sales teams to be 100% targeted on identifying enterprise customers in all regions, while small business and trial clients can self-serve using Xref Lite.

67% Growth in Channel Integrations

Credit usage by integrated customers was \$0.5 million for the quarter, representing a 67% increase on Q1 FY19. The number of companies using Xref through an integration increased to 200 in Q1 FY20 from 136 in Q1 FY19. Xref currently has 17 live integrations and will be adding another 6 by the end of Q2 FY20. Among these will be an integration with leading talent management platform, PageUp. (PageUp Release 9th October 2019).

First Rapid ID Checks Completed via Xref

Xref is delighted to announce that the first ID Checks have been completed by clients from within the Xref platform, using RapidID. HR professionals are looking for better ways to verify the backgrounds

and identity of candidates and Xref now brings a seamless and integrated service to their platform of choice. With RapidID, Xref's clients have the ability to check that candidates are who they say they are. RapidID will continue to evolve under its current branding and website but it will be identified as an Xref company. RapidID will also be able to develop further in non-HR markets and this will create opportunities for Xref in new sectors. ([RapidID Release 1st July 2019](#))

Texas A&M University signals the scale of Xref's opportunity in the US

Xref is delighted to have won the business of one of the largest Universities in the United States, following an extensive tender process and multi-vendor trial period. Given the power and security of the Xref platform, the Company was able to demonstrate its ability and capacity to meet Texas A&M University's strict technical and compliance requirements. Importantly, it was the combination of both the product and the team that led to Texas A&M University's decision to work with Xref.

As well as Texas A&M University, Xref has secured other US education wins such as Kipp LA Schools, Uncommon Schools, New York and most recently Mastery Schools, Philadelphia.

Xref has welcomed its first employees in the US and is currently working with integration partners such as SmartRecruiters, Bullhorn and PageUp to identify and secure more clients within the region.

Operating Cash Flow

Net cash outflow for the quarter was \$1.946 million compared to \$1,519 million in Q4 FY19. Cash on hand at the end of September was \$5,245 million and the Company remains debt-free.

Gross cash outflows for the quarter were \$5.43 million, an increase on the \$4.98 million estimated in the June quarter Appendix 4C. Xref has a four-week payroll period and four cycles occurred in Q1 FY20, resulting in higher than average expenses for the quarter.

Estimated gross cash outflows for Q2 FY20 are \$5.3 million. In Q2 FY20, there will only be three pay cycles.

Management Comments

Executive director / CEO Lee-Martin Seymour said: "This has been a truly defining quarter for us. We have seen the Company grow and evolve in all aspects - with team growth, direct sales growth, platform expansion and indirect revenue generation, through partnerships and acquisition. We have always been focused on continuing to add value to the service we offer clients, and we have done that in spades during Q1 FY20 with the introduction of multiple new products and features, including RapidID, Template Builder, People Search, new integrations and, most recently, Xref Lite. Accelerated growth and profitable scale is now most definitely in our grasp and we are very excited about the opportunity that lies ahead."

Executive director / CSO Tim Griffiths said: "The amount and level of platform development during this quarter has been phenomenal and we are exceptionally proud of our development team for what's been achieved. The launch of Xref Lite is a major milestone for us but the introduction of this new platform alternative hasn't happened in isolation, we have also seen new integrations launch and all of these new offerings translate into a greater competitive edge, faster client acquisitions and, therefore, increased revenue. This quarter is always challenging so it's particularly exciting to see these results after such a strong end to FY19 and during a seasonally low sales period."

Investor and media enquiries:

Presentation: xf1.com

Investor Centre: xref.com/en/investor-centre

Twitter: [@xf1](https://twitter.com/xf1)

Email: investors@xf1.com

Key points about Xref	
First mover advantage	Xref provided the first automated solution for the candidate referencing process and it is capitalising on its first-mover advantage by focusing on and investing for international growth.
Business model	Under Xref's business model, when clients purchase credits (credit sales) to use the candidate referencing platform, the value of their purchases is recognised as unearned income. When they pay for the credits, the cash is recognised as cash receipts. Once the credits are used by the client (usage), Xref recognises the value of the credits used as revenue (recognised revenue).
Global addressable market	Xref's addressable market includes more than 180 million employees in North America, 120 million employees in Europe and 15 million employees in Australia and New Zealand.

Appendix – New clients

APAC

Ministry of Social Development - is the public service department of New Zealand charged with advising the government on social policy, and providing social services. MSD is the largest public service department employing public servants in over 300 locations around New Zealand.

Tourism Australia - is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. The organisation is active in 15 key markets and activities include advertising, PR and media programs, trade shows and industry programs, consumer promotions, online communications and consumer research.

Schneider Electric - is a French multinational corporation headquartered in Rueil-Malmaison, France. Schneider Electric is a Fortune Global 500 company with revenues above €25 billion. Schneider has over 150,000 employees.

EMEA

Turner & Townsend - is a multinational professional services company headquartered in Leeds, United Kingdom specialising in programme management, project management, cost

management and consulting across the property, infrastructure and natural resources sectors. It was founded in 1946, and to date has 110 offices in 45 countries, with a presence in Europe, Middle East & North Africa, the Americas, Asia Pacific and Africa. The company has more than 6,000 employees.

Trondheim Kommune - Trondheim is a city on the Trondheim Fjord, in central Norway, dating back to the 11th century. The municipality of Trondheim is an organization that, through interaction with the city's population, partners and all the municipality's employees, fulfills its obligations and facilitates a reinforced positive development for Trondheim, a vibrant and exciting city that carries the future. Trondheim municipality is a very large workplace with approx. 13,000 employees.

Brussels Airlines - is the flag carrier and largest airline of Belgium, based and headquartered at Brussels Airport. It operates to over 120 destinations in Europe, North America, Africa and Asia and also offers charter services, maintenance and crew training. Brussels Airlines is part of the Lufthansa Group. It has more than 3,500 employees.

North America

Mastery Charter Schools - is a charter school network of 24 schools and over 14,000 students in Philadelphia, Pennsylvania and Camden, New Jersey.

Texas A&M University - Texas A&M University's main campus in College Station is home to more than 64,000 students, with another 5,200 based at branch campuses. It houses the largest student population in Texas - the second largest in the United States - and employs more than 5,000 academic staff.

Appendix 4C



Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Xref Limited

ACN

122 404 666

Quarter ended ("current quarter")

30 September 19

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	3,534	3,534
1.2 Payments for		
(a) research and development	(99)	(99)
(b) product manufacturing and operating costs	(411)	(411)
(c) advertising and marketing	(345)	(345)
(d) leased assets	(250)	(250)
(e) staff costs	(3,775)	(3,775)
(f) administration and corporate costs	(553)	(553)
1.3 Dividends received	-	-
1.4 Interest received	22	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
- GST for the period	(54)	(54)
- Net foreign exchange gain	(15)	(15)
1.9 Net cash from / (used in) operating activities	(1,946)	(1,946)
2 Cash flows from investing activities		
2.1 Payments to acquire		
(a) property, plant and equipment	(42)	(42)
(b) businesses (item 10)	(790)	(790)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material) -	(12)	(12)
2.6 Net cash from / (used in) investing activities	(844)	(844)

	Current quarter \$A'000	Year to date (3 months) \$A'000
3 Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

	Current quarter \$A'000	Year to date (3 months) \$A'000
4 Net increase (decrease) in cash and cash equivalents for the period held		
4.1 Cash and cash equivalents at beginning of quarter /year to date	8,035	8,035
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,946)	(1,946)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(844)	(844)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	5,245	5,245

	Current quarter \$A'000	Previous quarter \$A'000
5 Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	5,170	7,960
5.2 Call deposits	75	75
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	5,245	8,035

	Current quarter \$A'000
6 Payments to directors of the entity and associates of the directors	
6.1 Aggregate amount of payments to these parties included in item 1.2	221
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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

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

9	Estimated cash outflows for next quarter	\$A'000
9.1	Research and Development	150
9.2	Product manufacturing and operating costs	280
9.3	Advertising and marketing	470
9.4	Leased assets	275
9.5	Staff costs	3,400
9.6	Administration and corporate costs	725
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	5,300

10	Acquisitions and disposals of business	Acquisitions	Disposals
10.1	Name of entity	Rapid ID Pty Ltd	n/a
10.2	Place of incorporation or registration	QLD, AU	
10.3	Consideration for acquisition or disposal	\$1.5m	
10.4	Total net assets	\$0.94m	
10.5	Nature of business	Technology - ID Verification	

Compliance statement

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

Sign here: 

Print name: **James Solomons, CFO**

Date: