



2nd April 2020

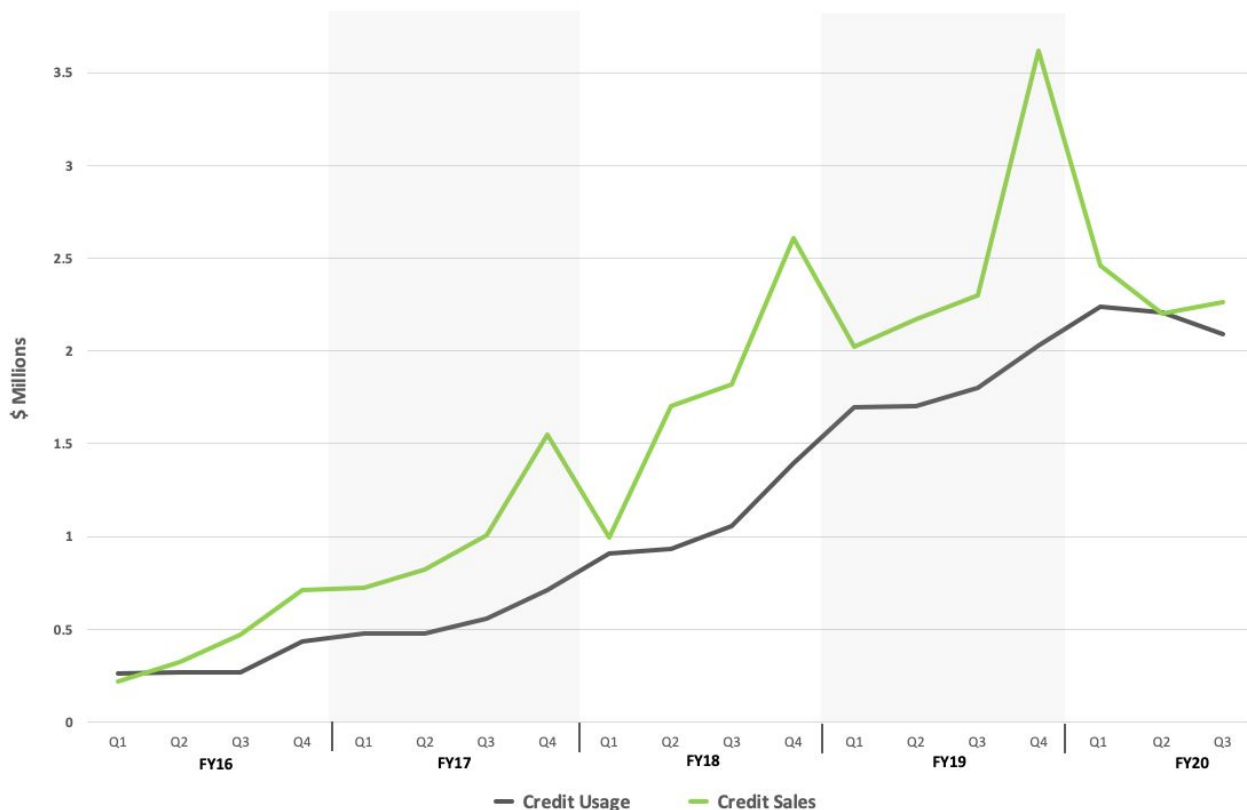
## Xref Growth Amidst COVID-19 & Cash Burn Rate Down 39%

- **Revenue** - \$2.2 million, growth of 19%
- **Sales** - \$2.47 million, including \$0.5 million generated during the second half of March
- **Cash Receipts** - totalled \$2.4 million
- **Operating Cash** - expenses reduced 21% from Q2 to \$4.2 million
- **Q4 Cash Outflow Estimate** - revised to \$3.4 million from \$4.6 million previously announced

**Xref Limited (ASX:XF1)**, the human resources technology company, today reported a successful third quarter. Unaudited results for Q3 FY20 show sales reached \$2.47 million, up 9% from \$2.26 million in Q3 FY19; and credit usage reached \$2.1 million, up 17% from \$1.8 million in Q3 FY19. Cash receipts totalled \$2.4 million, an 11% increase on the \$2.17 million achieved during the previous corresponding quarter.

Sales tend to be seasonally slow during January, particularly in Australia, Xref's highest sales-generating region. Despite the turbulent market conditions during the quarter, caused by fires and floods across Australia; and the holiday season and pressures of COVID-19 globally, Xref was able to deliver a solid sales result. New clients introduced during this time included Fujitsu, TAFE, Datacom and Rest Industry Super in Australia, Douglas Pharmaceuticals in New Zealand, Babylon Health in Canada, Wilhelmsen in Norway, Police Now in the United Kingdom and Etsy in the United States.

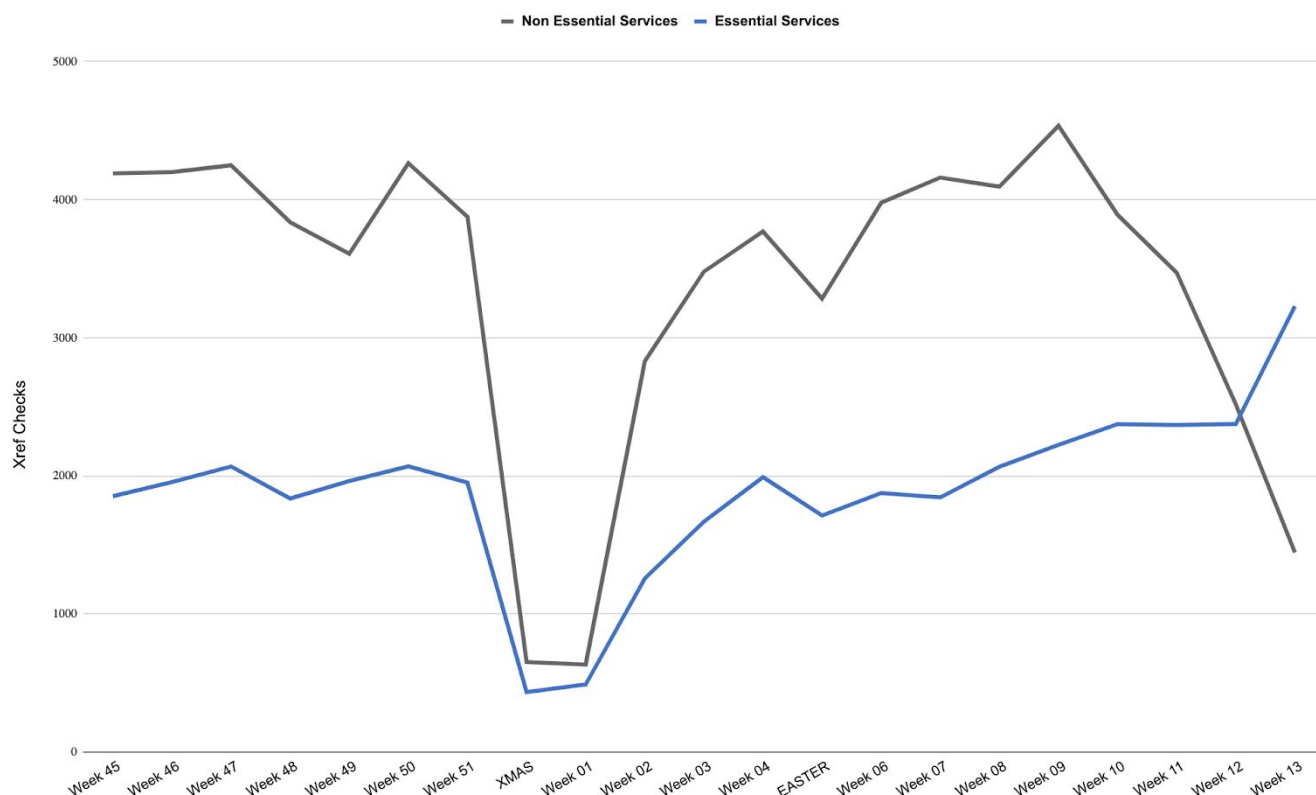
Further information about these new clients follows as an appendix to this announcement.



## The Impact of COVID-19 on Revenue (Credits Used)

Of all Xref clients globally, 35% are deemed 'essential services', operating within frontline sectors such as healthcare, government, education, volunteer services, healthcare recruitment, essential transport services, and even video conferencing businesses, such as Zoom Video Communications. Over the past two weeks, as the world has gone into lockdown, these clients have increased their usage of Xref by 55%.

Chart: Weekly usage trend of Essential and Non Essential Xref Clients



In contrast, usage by clients offering non-essential services in industries such as hospitality, airline, professional services, and retail has reduced by 42% across the last two weeks of March. During the final two weeks of March, revenue (Credit Usage) reduced by 30% due to the combined impact of COVID-19.

### RapidID Update ([Xref acquired the RapidID business in July 2019.](#))

Unaudited results for Q3 FY20 show 'check' sales reached \$140,000, up 311% from \$34,000 in Q3 FY19. Checks taken reached 136,000, up 462% from the corresponding period. Active users (companies) reached 100, up 168% from the corresponding period.

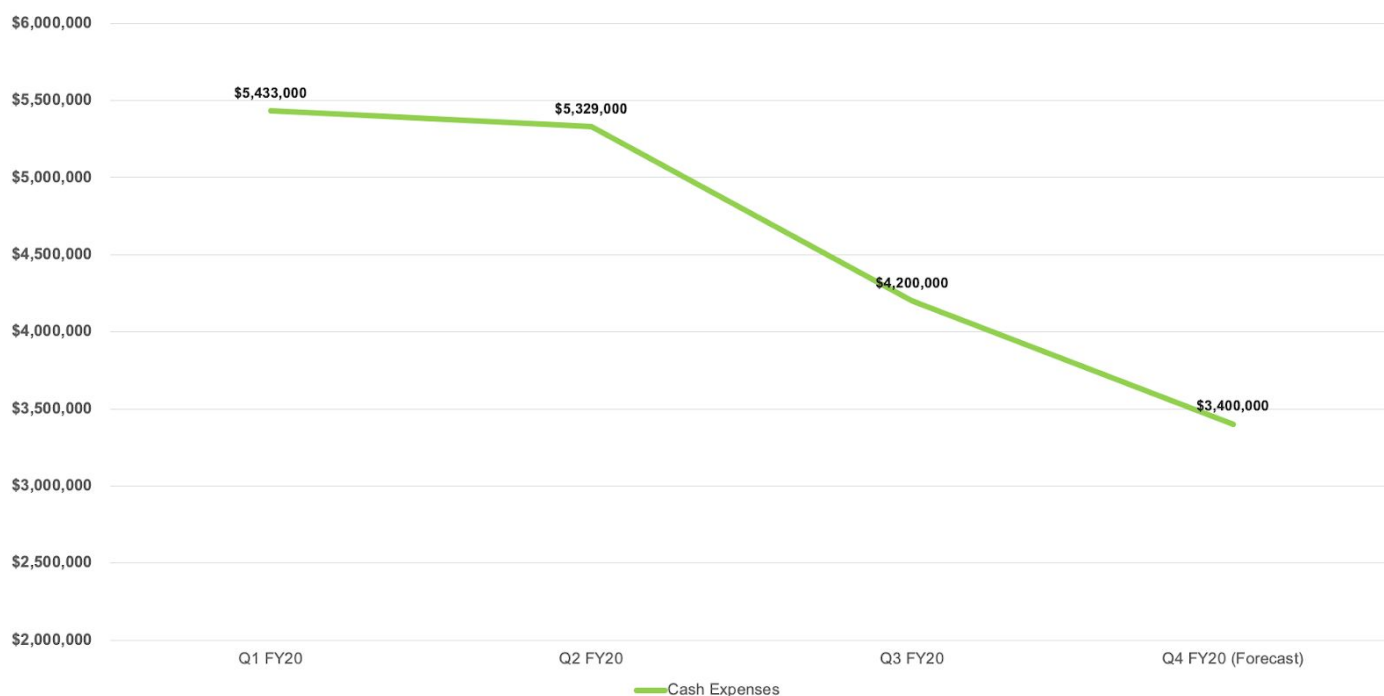
RapidID cash receipts for Q3 FY20 totalled \$133,000, up 384% from the corresponding period and expenses for the quarter were \$194,000.

### Monthly Cash Burn Rate Down 39%

Since November 2019, Xref's primary focus has been on reaching cash flow break even. Building efficiencies in the acquisition, onboarding, support and growth of clients has seen Xref evolve into a more lean and productive organisation. By developing a host of channel integrations, multi-regional capabilities, and self-serve features and by redirecting marketing efforts from sales support to online lead generation, the business is now able to operate far more efficiently.

Since December 2019, Xref has scaled back event costs, travel, development costs, office leases and has reduced headcount from 98 to 67 people. This has resulted in a dramatic and immediate reduction in cash expenses. The resulting Q3 cash expenses of \$4.2 million are a 21% reduction on the preceding quarter's cash expenses of \$5.3 million, and represent a reduction of \$1.1 million. Q4 FY20 cash expenses were forecast at \$4.6 million in our Q2 FY20 announcement but this is now re-forecast to be \$3.4 million.

Averaged monthly cash burn rate has reduced by 39% from \$1 million per month in Q2 FY20 to \$600,000 per month in Q3 FY20. The cash burn rate for March was \$530,000 and is expected to drop further during the June quarter.



### Leveraging Channel Integrations

Credit usage by integrated customers was \$0.5 million for Q3 FY20, representing a 25% increase from the previous corresponding period. Xref now has 28 live integrations and the number of companies using Xref through an integration has increased to 270.

Notable integrations for the last quarter included partnerships with LinkedIn ATS, LinkedIn Talent Hub, and Greenhouse.

By integrating with LinkedIn Talent Hub, Xref created a seamless transition to Xref's automated reference checking solution for users of LinkedIn's ATS platform (for further details see [LinkedIn Talent Hub release - 31st March 2020](#)). LinkedIn Talent Hub is the only ATS built on the global LinkedIn network which has more than 675 million members. It allows customers to source, manage and hire from one integrated platform and has made Xref immediately available to its clients via the LinkedIn Talent Hub integration marketplace.

The integration with the Greenhouse platform ([Greenhouse Integration](#)) is now also completed and will be launched, with a joint go-to-market strategy, in April 2020. This partnership comes as a result of demand for a best-of-breed solution to all candidate verification requirements across North America.

## Xref Awarded 'Leader Status' by G2

[G2](#) is the world's largest tech marketplace where businesses can discover, review, and manage the technology they need. G2 is considered the industry standard for comparing enterprise technology platforms, particularly within the North American market. To provide a review on G2, you must prove you are a registered user of the platform, which offers consumers a degree of trust when assessing their technology options.

G2 measured Xref's performance against its global competitors for the March quarter and, as a result, the Company joined the review platform's 'Leader' quadrant and was awarded a 'High Performer' badge for Enterprise and Mid-Market usage, as well as the much-coveted 'Users Love Us' category.



## Quarterly Results Investor Call - 6th April

Chief Executive Officer, Lee-Martin Seymour, will host an investor call to discuss the Company's quarterly results announcement on Monday, 6 April 2020 at 11:00am AEST. The number for Australian investors is 1800 093 431 and for international investors is +61 2 8047 9393. The conference ID is 14239306#.

Results announced during this update will be formalised in the Quarterly 4C scheduled for release on 6th April, preceding the investor call.

Cash on hand at the end of March was \$3.5 million and the Company remains debt-free. Xref is currently examining further opportunities to accelerate its sales and preserve its cash.

## Management Comments:

**Executive director / CEO Lee-Martin Seymour said:** "The APAC region represents 80% of our global revenue. Over the last four months we have endured the effects of fires, floods and now an unprecedented, global pandemic on our communities, health and economy. We have spent 10 years building the Xref platform across various sectors, regions and roles and we have developed something that can not only withstand the impact of this market turbulence but also prove itself as an essential tool for businesses recruiting worldwide in difficult circumstances. We have been able to scale to support the essential businesses that have always trusted us but who rely on us today more than ever. At the same time, the Xref team has delivered sales, revenue and collection results, leveraged opportunities such as the new LinkedIn Talent Hub integration and reduced costs. I am blessed to lead an outstanding bunch of people who are focused on the positive impact Xref brings to its clients."

**Executive director / CSO Tim Griffiths said:** "We have spent four years regionalising our platform, building it for global scale, reliability and, above all, data security. In the final week of March we witnessed a selection of clients increasing their use of the platform ten fold. Seeing our technology, internal processes and people respond in a way that supports a global directive like this is extremely rewarding as a technologist and as a business leader."

**Brad Rosser / Chairman said:** "The past four months are testament to the pedigree and experience of the management team at Xref. Making tough decisions while prioritising the opportunities ahead is what Lee and Tim do exceptionally well. COVID-19 is most certainly a threat to us all, however, the Xref team, platform and clients have responded brilliantly."

**Investor and media enquiries:**

Presentation: [xf1.com](http://xf1.com)

Investor Centre: [xref.com/en/investor-centre](http://xref.com/en/investor-centre)

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

Email: [investors@xf1.com](mailto:investors@xf1.com)

Authorised By:

Lee-Martin Seymour. CEO & Co-founder

Key points about Xref	
<b>First mover advantage</b>	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.
<b>Business model</b>	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).
<b>Global addressable market</b>	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**

**Fujitsu** is a leading provider of IT products and services for the global marketplace including hardware, software, networking, business solutions, and more. The company has more than 3,000 staff within Australia and New Zealand, and more than 100,000 worldwide.

**TAFE** is a leading provider for education and training courses in Australia. With more than 50 different Institutions Australia-wide, TAFE provides a great pathway into the workforce and can greatly improve employment prospects due to its focus on practical, industry-based skills.

**Datacom** is a large Information Technology services company, offering management and consulting, cloud services, data centre services, custom software development, and payroll services. With 50 years' experience in technology, originating in New Zealand, Datacom has now grown and extended across Australia, Malaysia and the Philippines. Datacom employs more 1,900 staff across APAC.

**Rest Industry Super** is an Australian public offer industry superannuation fund, established in 1988. It is one of Australia's largest superannuation funds by membership, currently with around two million members.

**Douglas Pharmaceuticals** is a rapidly expanding pharmaceutical company that was originally established in 1967. It is New Zealand's largest family-owned healthcare company. With more than 700 employees located across New Zealand, Fiji and Pennsylvania, it is able to provide high-quality healthcare products and client services.

## **EMEA**

**Wilhelmsen** delivers market-leading products worldwide through its large merchant shipping fleet. With more than 2,200 locations worldwide, it has the largest marine network on the globe. Wilhelmsen employs more than 21,000 staff and is helping to shape the future of the maritime industry.

**Police Now** is an independent social enterprise, supported by the Home Office. It plays a large role in the recruitment of competent police officers and detectives to over 30 forces across England and Wales.

## **North America**

**Babylon Health** provides remote access to doctors and healthcare specialists via text and video, and helps in the arrangement of physical checkups at various clinics and health centres. It currently employs more than 1,200 staff including a range of doctors, nurses and therapists.

**Etsy** is an online marketplace that allows online shoppers and independent creators to come together to buy and sell their unique products. It employs more than 800 staff across nine offices globally to help provide a means of connecting two million active sellers with several million buyers around the world.