



4th May 2020

Business Update: Xref Posts Strong Results for April 2020

- **Sales** - \$0.86 million, up 31% on April 2019
- **Cash Receipts** - totalled \$0.97 million, up 37% on April 2019
- **Cash Expenses** - totalled \$1 million, down 27% on April 2019
- **Cash Expenses Estimate** - \$1.2 million for the remainder of Q4, down 57% on May/June 2019

Xref Limited (**ASX:XF1**), the human resources technology company, today reported a successful month of trading in April, despite the impact of COVID-19. Unaudited results show sales reached \$0.86 million, up 31% on April 2019, and cash receipts were also strong at \$0.97 million, a 37% increase on April 2019. Credit usage was maintained, reaching \$0.64 million, an increase on the \$0.62 million recorded in April 2019.

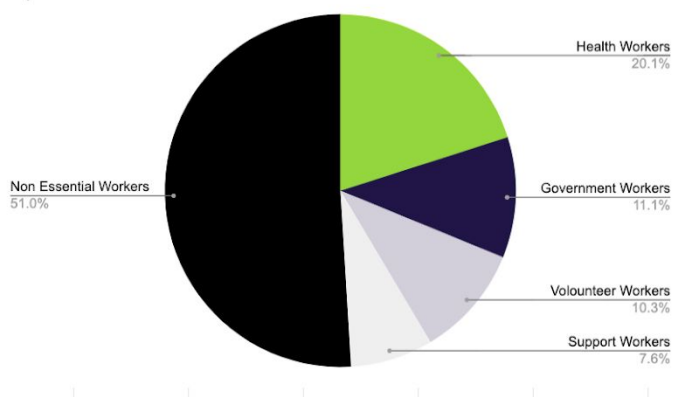
Although faced with turbulent and disrupted market conditions during the month, caused by the pressures of COVID-19 globally and the Easter holiday season, Xref was able to deliver a solid sales result. New clients introduced during this time included Babcock Australia & New Zealand, Warrigal Care in Australia, Aerial Applications in the United States, the Norwegian Directorate for Children, Youth and Family Affair in Norway and XPO Logistics in the United Kingdom.

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

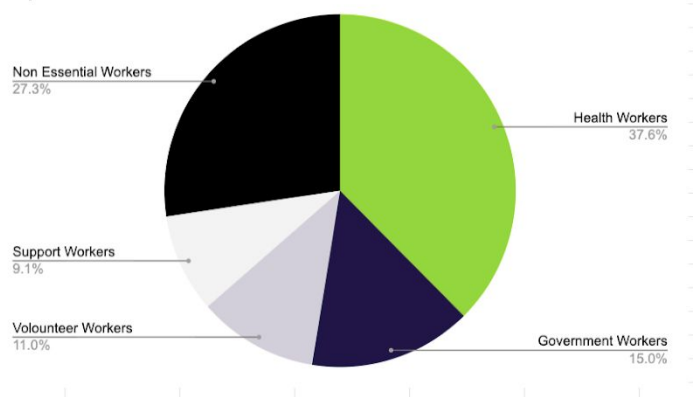
A Strong Foundation For Revenue (Credit Usage)

Over the past four years Xref has focused on organisations within the 'trust' economy, this has included those in the health, government, not-for-profit and education sectors. Prior to COVID-19, 50% of all credit usage originated from clients in what we now class as essential services. While those in non-essential sectors have reduced their recruitment during periods of lockdown globally, hiring for health, government, support and volunteer workers has grown over this time.

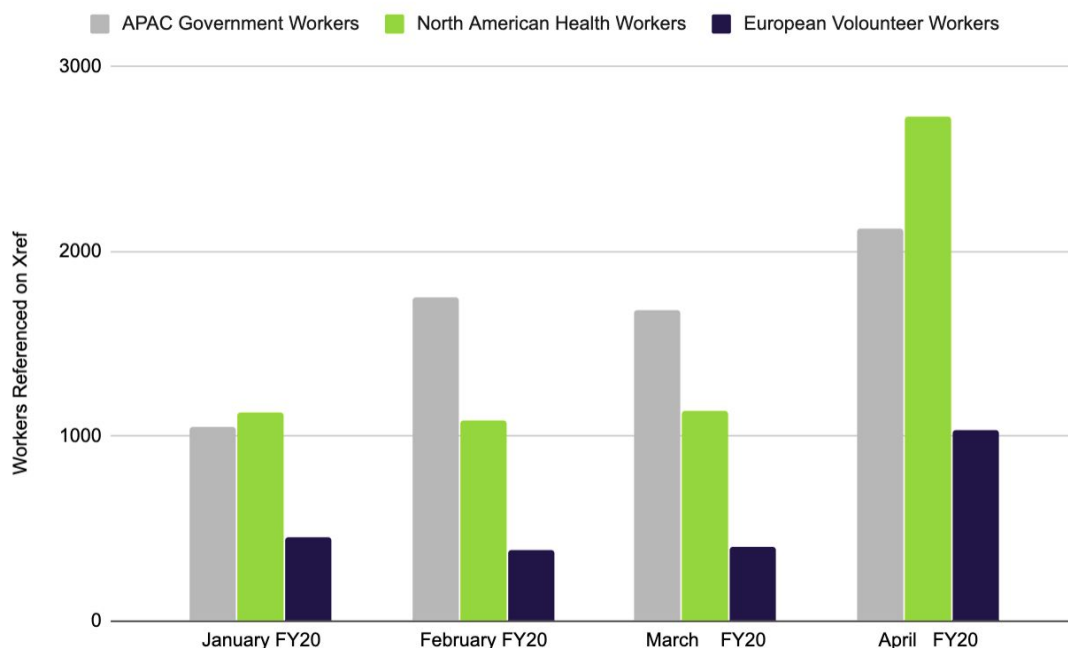
April 2019 Referenced Workers



April 2020 Referenced Workers



Xref credits used during April totalled \$0.64 million and, despite COVID-19, strong growth was seen across various essential services sectors globally.

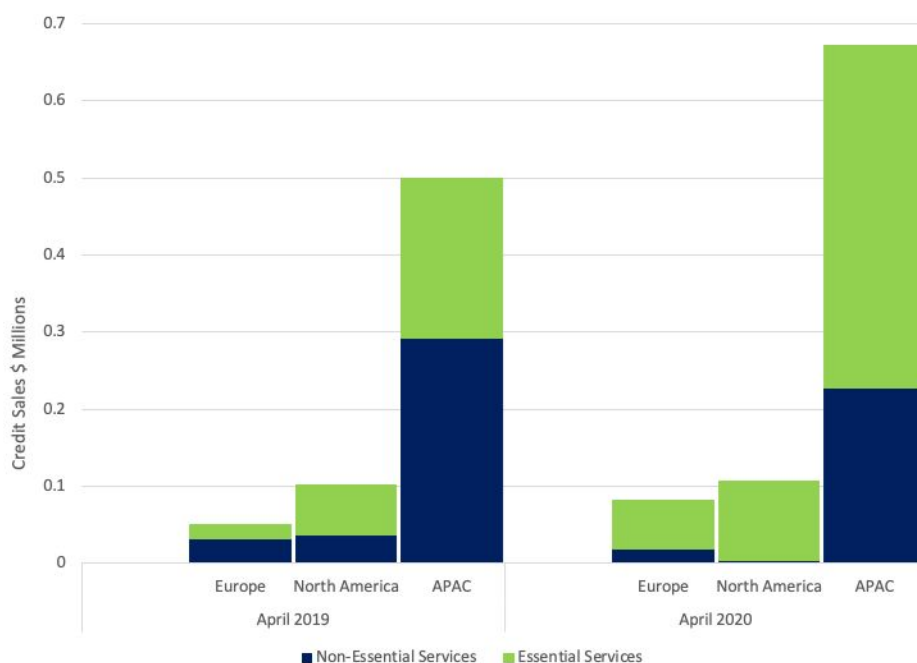


Leveraging Channel Integrations

Clients that use Xref via an integration accounted for 30% of overall credits used during April, representing a 95% increase from the previous corresponding month.

Strong Credits Sales Growth

Sales of Xref credits in April reached \$0.86 million, representing 31% growth on the previous corresponding month. Of these sales, 18% were new client sales, 22% came from Xref's international offices in Europe and North America and 71% were from clients deemed essential services during COVID-19.



Cash Preserved

Since November 2019, Xref's primary focus has been on preserving cash and reaching cash flow break even. Key initiatives have included:

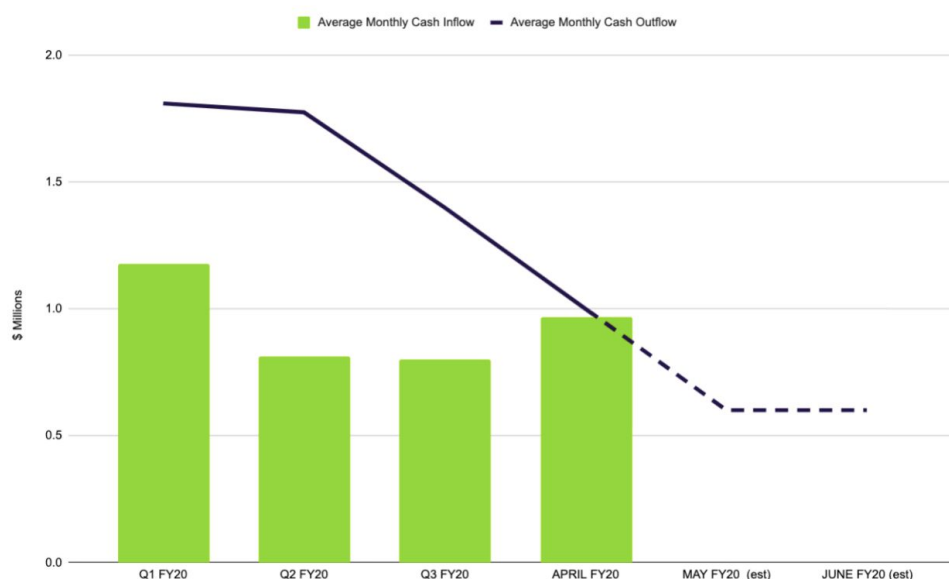
- building efficiencies in the acquisition, onboarding, support and growth of clients;
- developing a host of channel integrations, multi-regional capabilities, and self-serve features; and
- redirecting marketing efforts from sales support to online lead generation.

As a result, the business is now able to operate far more efficiently and has preserved its cash during April.

Since December 2019, Xref has scaled back event costs, travel, development costs, office leases and has reduced headcount from 98 to 61 people. This includes the closure of Xref's Norwegian operation in April. All European clients, prospects and integrations are now managed by the team in the United Kingdom.

This has driven a dramatic and immediate reduction in cash expenses. The resulting April cash expenses of \$1 million are a 37% reduction on April 2019 and a 29% reduction on the preceding quarter's average monthly cash expenses of \$1.4 million. Q4 FY20 cash expenses were forecast at \$4.6 million in the Q2 FY20 announcement, this is now forecast to be \$2.2 million. Xref has qualified for government subsidy packages in three regions and the value of benefits have been included in the Q4 FY20 estimate. The subsidy benefits are expected to continue until September 2020.

On April 1st 2020 all Xref employees, senior management and executives opted to reduce standard working hours to a four-day week until the end of the June quarter. This will result in a 20% reduction in staff salaries during the 12 weeks of Q4 FY20. Xref has been delighted that, despite the decrease, a large percentage of staff have opted to continue to work full time. Xref has also agreed to replace salary reductions with ordinary fully paid shares on or shortly after the 1st July 2020 at the then average volume weighted share price. Members of the Xref board also agreed to a 20% wage decrease during the same time period.



The averaged monthly cash burn rate has reduced by 97%, from \$1 million per month in Q2 FY20 to \$0.03 million in April FY20. Xref is currently examining further opportunities to accelerate its sales and preserve its cash.

Business Update: Investor Call - 4th May

Chief Executive Officer, Lee-Martin Seymour, will host an investor call to discuss the Xref's April results on Monday, 4th May 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 48121782#.

Management Comments:

Executive director / CEO Lee-Martin Seymour said: "It is the hard decisions that liberate a business and recent months have seen us having to make a number of difficult but critical moves to ensure the stability of the company. The management team, board and executive have worked tirelessly to re-invent our cost structure while our operations teams have continued with their unwavering focus on sales and support. Together we have been able to maintain consistency in the service we offer while ensuring the health of the company, during the most challenging period in our history. Xref has proved itself as an essential tool during uncertain times and I could not be more proud of our team and product for the outstanding value we continue to deliver."

Executive director / CSO Tim Griffiths said: "We are a technology platform built to withstand turbulence and adapt to all market conditions, meaning we are able to continue to deliver results in a pressured global environment. During the COVID-19 pandemic, we have seen our systems scale with bulk uploads for the recruitment of support workers, new clients automatically onboarded, custom questionnaires designed with speed and ease using our Template Builder tool and integrations switched on in a heartbeat to aid workflows. We have done this in multiple languages, across time zones and regional data centres. We have been tested as a truly reliable, globally scalable platform and performed brilliantly. Our people and technology are world-class and we will always take pride in the fact that we were here and we delivered when it mattered. "

Brad Rosser / Chairman said: "When the pressure is on and everything is in focus Tim, Lee and their team pull together to find the results. This business is strong, resilient, has a wonderful culture and is set to have a very successful future. This has been a defining period in our history and one that we will reap the benefits of as organisations rebuild their teams."

Investor and media enquiries:

Presentation: xf1.com

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

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

Email: investors@xf1.com

Authorised By:

Lee-Martin Seymour. CEO & Co-founder

| 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

Babcock Australia & New Zealand - Babcock Australasia operates across the Marine, Aviation and Land sectors. It employs more than 1,000 people in Australia, New Zealand and Timor-Leste. It is trusted to deliver technical support services ranging from fleet and asset management, sustainment, transportation services and technical training, to life saving helicopter emergency medical services.

Warrigal Care, Australia - Warrigal Care is a not-for-profit organisation, delivering innovative and quality care to older people in New South Wales. The entire Warrigal community now consists of 10 Warrigal locations, with more than 1,000 staff and volunteers and thousands of clients.

EMEA

XPO Logistics, the United Kingdom - XPO Logistics is one of the largest transportation and logistics companies in the world, with a mission to help customers operate in the most efficient ways possible. It provides cutting-edge supply chain solutions to more than 50,000 companies, including many of the world's most successful brands.

Norwegian Directorate for Children, Youth and Family Affair (Bufdir), Norway - Bufdir is responsible for state child welfare and family protection. It has approximately 5,000 employees in five regions.

North America

Aerial Applications, United States - Founded in 2015, Aerial Applications provides drone data management software as a service for drone-enabled businesses, as well as consultative services for companies looking to adopt drone technology.