



6th April 2021

Xref Revenue up 36% While Costs Remain Flat

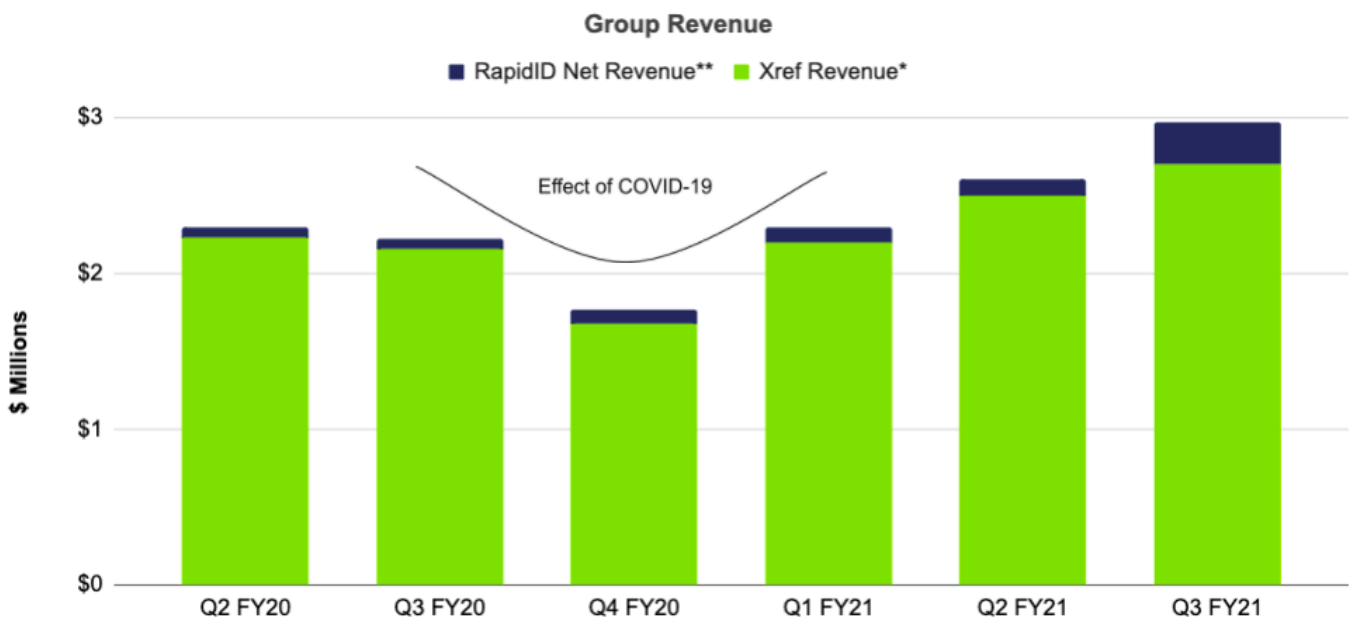
- **Revenue** - \$3 million - up 36%
- **Sales** - \$4 million - up 62%
- **Cash Receipts from Sales** - \$3.5 million - up 46%
- **Cash Expenses** - \$3.5 million - down 17%
- **Cash Balance** - \$6.24 million

Xref Limited (**ASX:XF1**), the human resources technology company, today reported a record third quarter of trading. The Group delivered records in revenue at \$3 million, sales at \$4 million and cash receipts from sales at \$3.5 million for the quarter.

New clients acquired in the quarter contributed 13% of total sales. Xref further built on its success in healthcare globally and entered a new geographic market, South Africa. New clients in Australia included the Australian Prudential Regulation Authority (APRA), Cash Converters and the Children's Cancer Institute. In the United States and Canada, new clients included Granite Solutions Groupe, Baylis Medical and CrossMed Healthcare. In EMEA, Connect Health, Gray Healthcare and, South Africa-based, Mr Price Group were introduced to the platform. Details about these companies can be found in the appendix.

Record Revenue (Credit Usage)

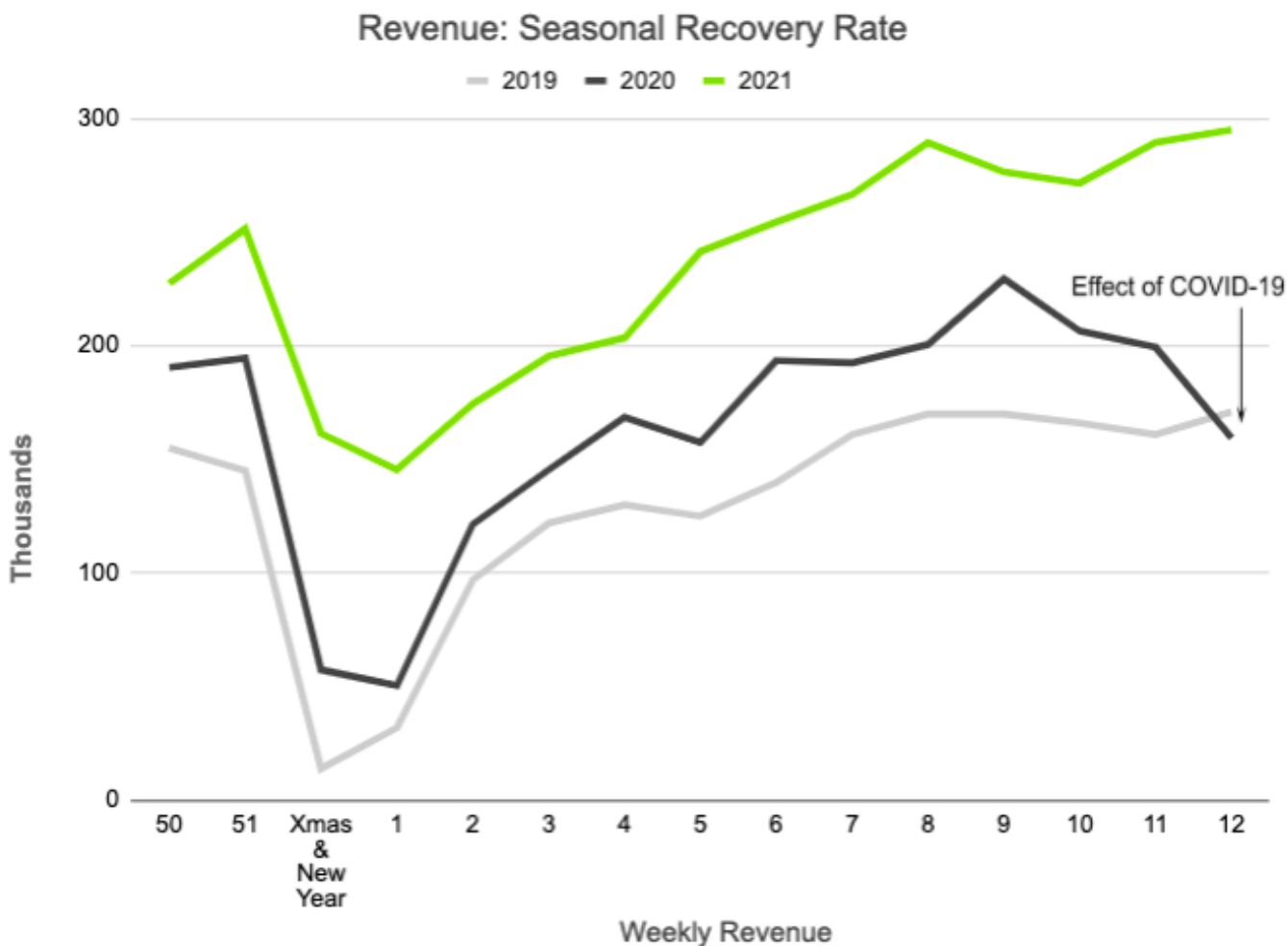
Xref credits used during the quarter totalled \$2.7 million and, together with RapidID's net revenue of \$0.3 million, contributed to a record quarterly revenue of \$3 million. Xref credit usage grew 23% and RapidID's net revenue grew 291% on the previous corresponding quarter (Q3 FY20).



* Xref credits are recognised as revenue when used

** RapidID Net Revenue is gross revenue less the cost of 3rd party checks

Xref monitors hiring recovery rates and hiring trends to predict the resilience of the industry and forecast activity. Australian clients usually take six weeks to return to peak credit usage levels following the Christmas and New Year break, due to the impact of the Australia Day holiday at the end of January. However, by week five of 2021, credit usage had already achieved 96% recovery and has continued to grow throughout the remainder of the Quarter. In the Northern Hemisphere, Christmas and New Year holidays are shorter and, over time, the Group expects its geographic expansion will result in less seasonality in overall usage.



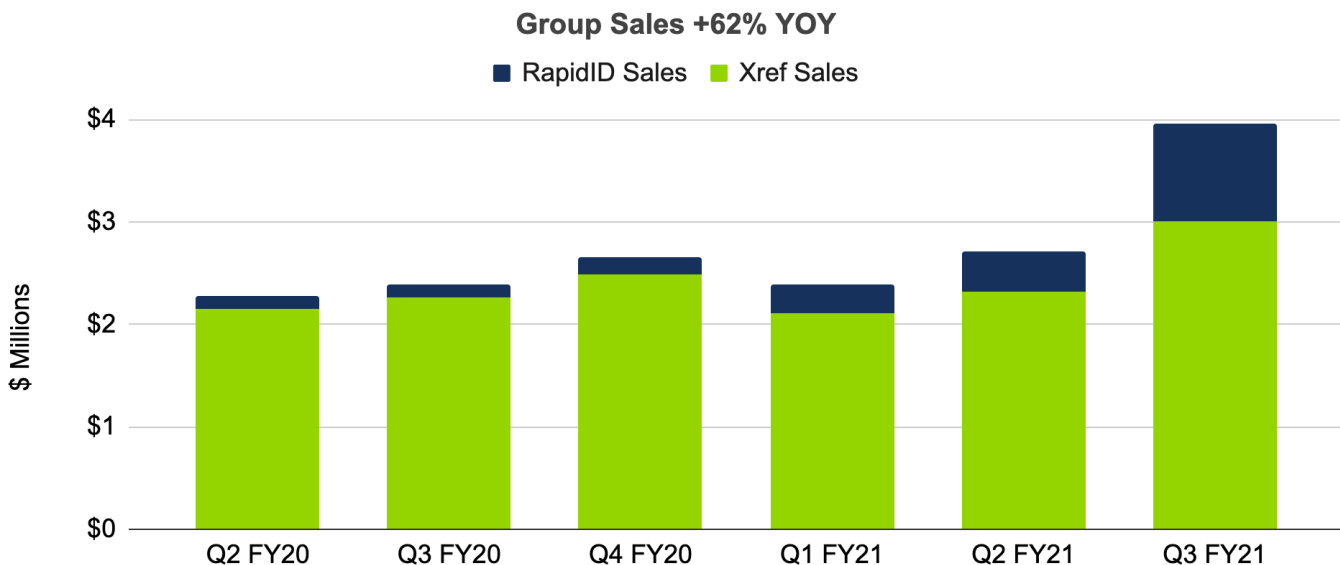
Xref credits used via integration partners represented 29% of all credits used during the quarter and grew by 61%, to \$0.8 million, when compared to Q3 FY20 and 14% when compared to Q2 FY21.

Strong Sales Growth

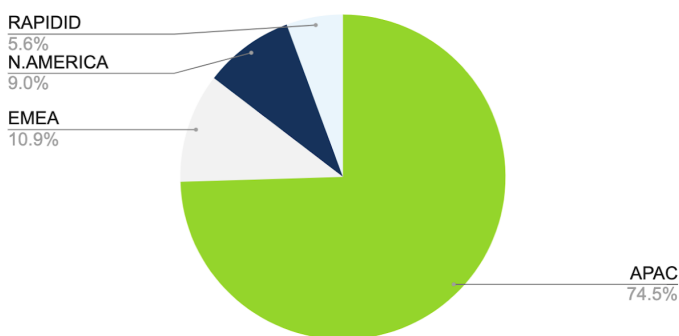
COVID-19 has accelerated the global demand for remote working and, as a result, employers' desire to improve governance is increasing. Accordingly, organisations are seeking better ways to perform candidate verification. Xref can now acquire clients via its self-serve platform, its in-house enterprise sales teams or via its 30 channel partners. As a result, Xref's reliance on outbound, direct sales activities is fast being replaced by inbound, marketing-led demand. During the quarter, Xref witnessed a rise in inbound leads from, in the most part, channel partner integrations, an improved global digital strategy and the network effect generated through the numerous sectors and global regions Xref is used in.

Group sales reached \$4 million during the quarter, up 62% on the previous corresponding quarter (Q3 FY20) and 46% when compared to Q2 FY21. New clients accounted for 13% of sales, while 12% came

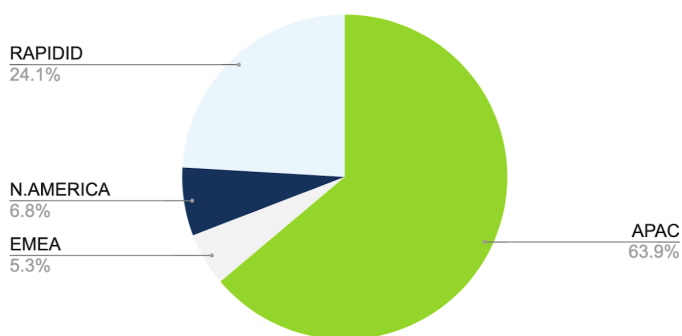
from Xref's international offices in Europe and North America and 24% from RapidID. Sales (gross revenue) by RapidID grew by 608% when compared to the previous corresponding quarter (Q3 FY20).



SALES Q3 FY2020 - \$2.47m

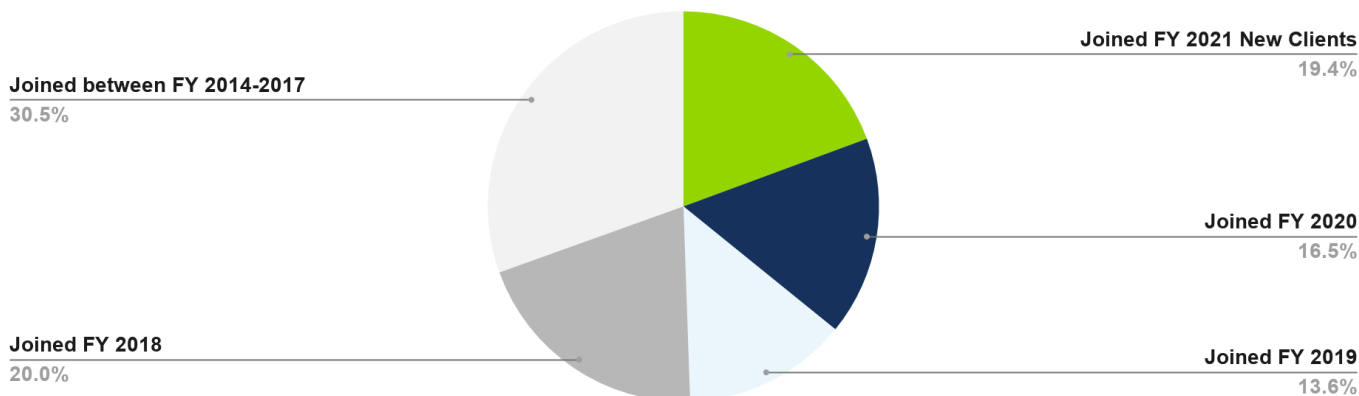


SALES Q3 FY2021 - \$4 m



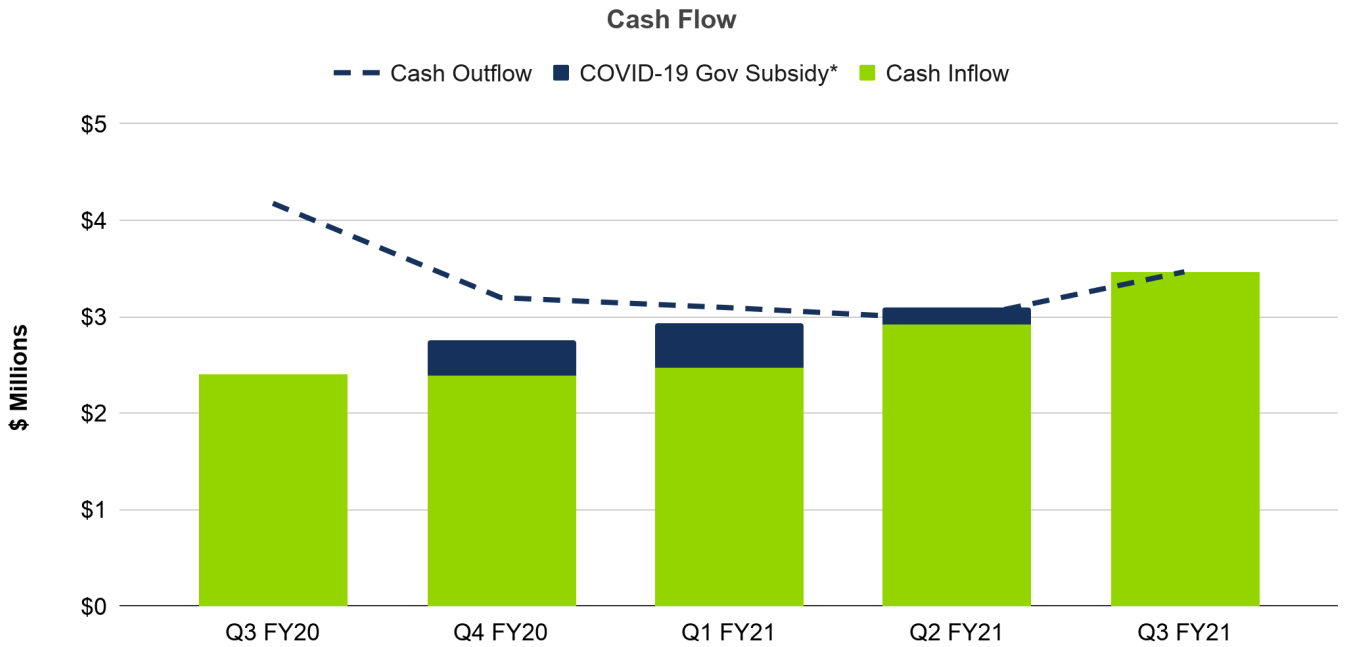
Clients who joined Xref prior to FY17 accounted for 30% of sales during Q3 FY21 despite significant sales growth since then, demonstrating Xref's ability to retain and grow clients over time. Clients that joined within FY21 represented 19% of total sales, demonstrating Xref's ability to also acquire new, high-value clients.

Q3 FY2021 Sales Mix (Client Cohort : Year Joined)



Cost Control

Since December 2019, Xref has scaled back event costs, travel, development costs, and office leases and has reduced headcount from 98 to 64 people. This has driven a material reduction in cash expenses while continuing to support growth in sales. Operating cash outflows for the March quarter were down 17%, to \$3.5 million, from \$4.2 million in Q3 FY20. Cash receipts from sales were up by 44% on the previous corresponding quarter. Xref was able to achieve an operating cash flow surplus of \$3,000.



* Government COVID-19 subsidy payments finished in early October 2020. Total subsidies were: Q4FY20 (\$376k) Q1FY21 (\$461k) Q2FY21 (\$184k)

Xref forecasts operating cash expenses for Q4 FY21 to be consistent with Q3 FY21 at \$3.5 million. Cash on hand at the end of March was \$6.24 million.

Product Investment

Although the European and North American markets continue to be adversely impacted by the effects of COVID-19, Xref is preparing for the growth that is anticipated to come from millions of returning workers globally. Xref is working with some of its largest global clients to expand the current platform and support their future requirements. The enhanced platform will dramatically increase the global addressable market through the provision of additional services, allow for an entirely digital new client acquisition process and add a subscription-based ARR to the current credit-based model. During the quarter, Xref capitalised a proportion of internal and external development costs related to these platform features.

Highest Rating Reference Checking Platform - Globally

During the quarter, Xref was again named a leader by independent software review site, [G2](#), appearing as its highest-rated and easiest to use reference checking solution. With a 4.7 star rating on [G2](#), [Capterra](#) and [Google](#), Xref is ideally placed to be found and trusted by new clients globally.



Business Update: Investor Call - 6th April

Chief Executive Officer, Lee-Martin Seymour, will host an investor call to discuss Xref's Q3 FY21 results on Tuesday, 6th April 2021 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 99387097#.

Management Comments:

Executive director / CEO Lee-Martin Seymour said: "Our annualised revenue run rate, generated by credits and checks used by existing clients, is now over \$15 million and as we enter the busiest quarter of the year, we are excited about being very well positioned to achieve our first cash flow break-even quarter by the end of this financial year. In addition to sales growth and cost control, we are now also heavily focused on delivering our newly built and extended verification platform in Q1 FY22, which will help us scale our business even further."

Brad Rosser / Chairman said: "The evolution of Xref from a sales-led to a marketing-led business is paying off. In Q3 our marketing efforts generated \$2.4 million in new opportunities, with 73% of new customers coming via our website, free template builder tool or online content. Paid advertising accounted for 4% and 23% came from clients who had used Xref Lite and requested an enterprise account. As we prepare to launch into a much larger addressable market, we can further leverage the channels that have proven to perform best for us."

Appendix 4C item 6 explanatory note

As required by listing rule 4.7C.3, the amount of \$318,000 shown at item 6 within this quarter's 4C is payment of directors fees and salaries to executive directors, plus statutory entitlements. This includes payout of entitlements to T.Griffiths during the quarter.

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 the Board: Xref Limited (ASX : XF1)

Xref Limited, Suite 13, 13 Hickson Road, Dawes Point, Sydney NSW 2000 Australia

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

Australia and New Zealand

APRA - The Australian Prudential Regulation Authority (APRA) is an independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia. APRA employs more than 730 staff across Australia.

Cash Converters - Cash Converters International is a franchised retail network listed on the ASX (CCV). It generates revenues from franchising, store operations, personal finance and vehicle finance. From its head-office in Perth, Western Australia the Company controls 700 stores across 16 countries, helping customers meet their financial needs.

Children's Cancer Institute - Children's Cancer Institute is the only independent medical research institute in Australia wholly dedicated to curing childhood cancer. It now employs more than 300 researchers, students and operational staff and is recognised as one of the leading international child cancer research institutes.

The United States and Canada

Granite Solutions Groupe - Granite Solutions Groupe provides financial services decision makers with effective people and solutions. It has four offices on three continents, with more than 250 team members deployed across the U.S. at Fortune 500 companies and high-performing Fintech firms.

Baylis Medical - Baylis Medical is a world leader in the conception, development, production and distribution of state-of-the-art medical products that improve the lives of people around the world.

CrossMed Healthcare Staffing Solutions - CrossMed Healthcare provides staffing solutions to nursing and allied health care professionals.

EMEA

Connect Health - Connect Health is a leading community services healthcare provider encompassing mental health, IAPT, psychological interventions, rehabilitation, MSK (musculoskeletal) conditions, chronic pain, orthopaedics, rheumatology and occupational health services, serving over 375k NHS patients pa across 50 NHS CCGs/Trusts and 100+ occupational health physiotherapy services.

Gray Healthcare - Gray Healthcare is the UK's leading specialist provider of individually tailored community-based support. Its front-line workers include highly skilled support workers and team leaders who use their extensive knowledge and skills to plan and deliver support based on people's needs and desired outcomes.

Mr Price Group - Mr Price Group Limited is a publicly traded retail company based in South Africa. It trades predominantly in South Africa as well as through owned and franchise stores across 13 African markets. It targets a wide range of customers and is well known for fashion-value offering.



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Xref Limited

ABN

34 122 404 666

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,468	8,858
1.2 Payments for		
(a) research and development	(5)	(29)
(b) product manufacturing and operating costs	(546)	(1,310)
(c) advertising and marketing	(159)	(376)
(d) leased assets	(78)	(368)
(e) staff costs	(2,161)	(6,464)
(f) administration and corporate costs	(158)	(627)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	645
1.8 Other (provide details if material)		
- Upfront annual subscriptions paid	(131)	(389)
- GST for the period	(239)	(564)
- Net foreign exchange	10	24
1.9 Net cash from / (used in) operating activities	3	(591)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(10)	(31)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets - Website	(364)	(594)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	1	3
2.6	Net cash from / (used in) investing activities	(373)	(622)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	5,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(235)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(125)	(250)
3.10	Net cash from / (used in) financing activities	(125)	4,515

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,734	2,937
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3	(591)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(373)	(622)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(125)	4,515
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,239	6,239

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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,205	6,699
5.2	Call deposits	34	35
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,239	6,734

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	303
6.2	Aggregate amount of payments to related parties and their associates included in item 2	15

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,000	5,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,000	5,000
7.5	Unused financing facilities available at quarter end		-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

\$5m fully drawn facility with PURE Asset Management. 4-year term. 9.95% interest rate, interest to be paid every 3 months. No principal amortisation, repayable at maturity. Secured against assets of Xref Limited & subsidiaries. [ASX release 31 July 2020](#)

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	3
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,239
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,239
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2,080
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: *Not Applicable*

- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: *Not Applicable*

- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: *Not Applicable*

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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 gives a true and fair view of the matters disclosed.

Date: 6 April 2021

Authorised by: *The Board of Directors of Xref Limited*