

ASX Announcement/Press Release: 5<sup>th</sup> July 2022  
Xref Limited (ASX: XF1)

## \$5.8m Q4 sales delivers a record year for Xref

Human resources technology company Xref Limited (ASX: XF1), ('Xref' or 'the Company') is pleased to report another strong trading performance during the final quarter of the Company's 2022 financial year (Q4 FY2022). Unaudited results for the quarter show sales of \$5.8 million and strong cash receipts of \$5.5 million. Revenue also reached \$4.6 million.

Xref has achieved \$21 million in sales during FY2022, up 35 % on the previous corresponding period. Revenues totalled \$18.6 million for FY2022, up 28 % on the previous corresponding period. (Unaudited)

Revenue from the use of Xref Credits grew 27% and sales of Xref Credits grew 4% when compared to the previous June Quarter. However, the lower demand for cryptocurrency reduced Identity checks sold by RapidID by 62% when compared to the same period. As a result, sales were \$5.8m, 9% lower when compared to Q4 FY2021. For this reason, the following operational update compares growth figures with the proceeding Q3 FY2022 results. Despite the decline in demand for crypto Xref is excited to launch the Trust Marketplace. Sales of identity and graduate checks as well as additional checks from vendors on the Trust Marketplace will replace the reduction in sales from the Crypto market. RapidID was highly dependent on crypto clients previously and the new growth plan will diversify the revenue sources of Rapid and therefore de-risk that part of the business. A detailed update on the Trust Marketplace will be released during its website launch in September.



**Executive Director / CEO Lee-Martin Seymour said:** "During the fourth quarter many of the organisations we work with had been adversely impacted by floods, sickness, salary pressure, rising interest rates, the effects of war in Ukraine and the Australian federal election. However, due to the broad sectors and regions that contribute to our revenue we have once again broken records, remained profitable and demonstrated our resilience. We are delighted to launch our new investor presentation which showcases our new platform, strategy and value and signals what is set to be a very exciting year ahead."

**Chairman / Tom Stianos said:** "The results for the financial year 2022 signal a strong performance. Sales growth and profitability allow us to continue to invest in growth and execute our strategy. The team have delivered consistent growth throughout the year whilst keeping costs flat during a time of continued market uncertainty."

## Operations Update – June Quarter 2022

Group sales reached \$5.8 million during the quarter, up 16% on the March quarter. Xref credits used during the quarter totalled \$4.1 million and, together with the Marketplace net revenue of \$0.5 million, contributed to a quarterly revenue of \$4.6 million.

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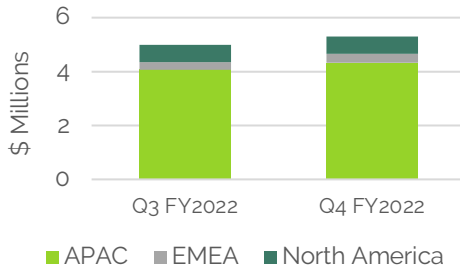
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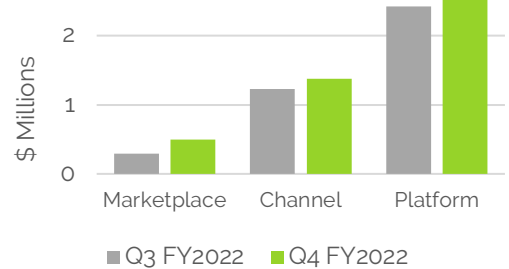
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### Sales +16%



### Revenue +8%

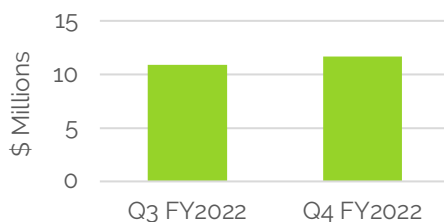


Xref credits used via integration partners, represented 35% of all credits used during the quarter and grew by 11%, to \$1.4 million, when compared to the March quarter.

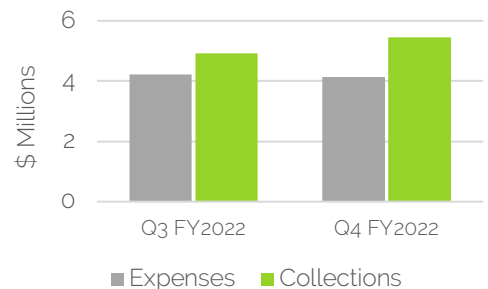
New notable clients introduced during the quarter include: Calvary Healthcare, Kimberley Clarke, Spriggy, Capitec, Coles, Ministry of the Environment - New Zealand, Mitre 10 and Seneca Family of Agencies. Further information about these new clients follows as an appendix.

Cash collections were \$5.5 m in the quarter, up 10% on the March quarter. OPEX increased 1% with the addition of further headcount and increases in wages and salaries. COGS of \$0.6m during the quarter included commissions paid to sales staff in Xref and the associated cost of 3rd -party checks via RapidID. It is expected that as Xref grows its subscription base and RapidID attracts volume discounts, COGS will reduce. The cash flow surplus for the current quarter was \$0.8 million and cash at the bank on 30th June 2022 was \$11.7 million, up 11% on the March Quarter.

### Cash Balance +11%

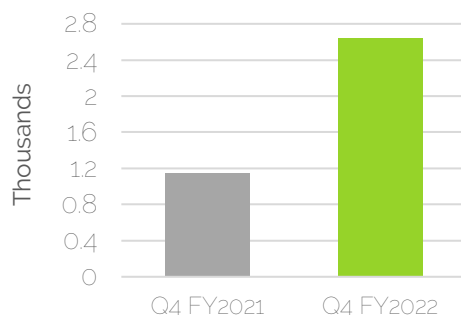


### Cash Surplus \$0.8m



Xref has improved all marketing metrics relating to effectiveness and lead generation with the continual optimisation of digital channels and marketing investment. This has resulted in a 130% increase in lead flow, with 2600 leads captured in Q4 FY22. Clients who were newly acquired in FY22, contributed 28% of total sales, further validating the quality of customer acquisition and conversion. Xref has been successful in optimising via digital lead generation.

### Lead Flow +130%



### Q4 FY2022 Sales Mix

(Client Cohort : Year Joined)



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**New XF1 investor Presentation – Talent is on the move**

Xref's new investor presentation is now available on [xf1.com](http://xf1.com). Showcasing new products, strategy, and the unaudited financial results for FY2022.

**Shareholder Roadshow – August 2022**

CEO and Founder Lee-Martin Seymour together with the Chairman, Tom Stianos, will be available to present Xref's Annual Report and the new Investor Presentation week commencing August 22nd 2022. Feel free to request a suitable time via [xf1.com](http://xf1.com).

**Business Update: Investor Call - 5th June**

Chief Executive Officer, Lee-Martin Seymour will host an investor call to provide a business update on Tuesday, 5th June 2022 at 14:00pm AEST. The number for Australian investors is 1800 093 431 and for international investors is +61 2 8047 9393. The conference ID is 71873950#

For a full list of toll-free international dial-in numbers for all regions please click [HERE](#).

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## In Focus – Unaudited FY2022 Financial Results

- **Revenue** - record revenue result of \$18.6 million, up 27% from \$14.7 million in FY21;
- **Sales** - record sales result of \$21 million, up 35% from \$15 million in FY21;
- **Cash Receipts from Sales** - receipts of \$20.9 million, up 41% from \$14.8 million in FY21;
- **Operating Cash Surplus** - operating cash surplus of \$4.4million generated during FY22 compared to an operating cash surplus of \$1.9 million incurred during FY21;
- **Cash Surplus** - \$2.5 million of free cashflow generated during FY22 after investing \$1.4m into new product development and excluding the receipt of \$1m due to the exercise of Warrant/Options;
- **Cash Balance** - a resulting balance of \$11.7 million at 30th June 2022 compared to \$8.2m at 30 June 2021.

Group sales reached \$21 million, up 35% on the previous corresponding period (FY2021). Credit usage by clients grouped in non-essential industries is outpacing essential business recruitment demonstrating confidence in a return to normalcy, post-pandemic.

Xref continues to execute a data-driven multi-channel marketing strategy generating 7000 leads during FY2022 up 103% from the previous financial year.

Cash surplus for FY2022 is \$2.5 million compared to a \$0.25 million last year. Xref has now achieved six consecutive quarters of positive cash flow and has traded profitably for the full 2022 financial year. Cash at the bank on 30th June 2022 was \$11.7 million.

A staged release of Xref's new platform began with the launch of the new 'Exit Survey' platform in November 2021 and will continue during the new financial year including Xref Pulse surveys and Xref's new Trust Marketplace.

The full FY2022 Annual Report is due for release the week commencing August 22nd 2022.

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## Outlook

Talent remains on the move and employers are facing an extremely competitive market. Employees, many of whom may have stayed in 'safe' roles are now buoyed with confidence to make a transition to something new. Employers will face a need to move quickly to hire the best talent so having the right processes in place to make confident hiring decisions quickly has never been more important.

The staged release of the enhanced platform, including Xref Pulse Surveys and the Trust Marketplace will continue throughout FY2023. These new services will dramatically increase Xref's global addressable market. This strategy is expected to grow Xref's share of the North American market via channel partners, wholesale, and self-serve subscription sales.

As talent acquisition grows to become increasingly remote on a more permanent basis, automated reference surveys, identity verification, and other pre-employment checks will continue to grow in demand. As a result, the Trust Marketplace will be in a good position to broaden relationships with Digital Trust Partners for more integrated checks, increasing availability for the global marketplace of checks. In addition, the recently announced Graduate Verification Service offered by RapidID will add further revenue as retail and wholesale distribution grow.

The Group expects further growth in overseas regions will reduce the impact of seasonality. Xref expects it will be able to maintain its achievement of a net profit after tax for FY2023 along with cash flow profitability. Xref will also continue to invest in growth through data-driven digital marketing with the self-serve initiative continuing to bring inbound leads. Through digital marketing, product innovation and leading customer service, Xref will continue to be a thought-leader and trusted partner to talent acquisition and HR teams globally.

Having been publicly listed for six years, we have strong shareholder support, in the form of both institutional and retail investors. It is important to us that our shareholders remain up-to-date with our emerging story and are clear on our value and strategy moving forward.

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Authorised by the Board: Xref Limited (ASX: XF1)

### Appendix 4C item 6 explanatory note

As required by listing rule 4.7C.3, the amount of \$150,000 shown at item 6 within this quarter's 4C is payment of directors fees and salaries to executive directors, plus statutory entitlements.



Launched in 2010 and ASX listed in 2016, Xref is a global platform for automated, pre-employment verification.

Headed up by Founder and CEO Lee-Martin Seymour, Xref is a profitable growth business supported by major institutional investors.

Xref supports over 15,000 active users from 2600 entities across over 1300 organisations servicing large global enterprises and sectors within the trust economy such as Healthcare, Aged Care, Not For Profit, Government and Education.

Xref allows employers to verify a candidate's references and ID, together with other key checking services, bringing all these onto one platform, via a partner marketplace. Xref's growth trajectory continues as employers want to safeguard their company from breaches in fraud, privacy and discrimination. The marketing-led, data-driven organisation ranks #1 in reference checking globally.

With talent acquisition becoming remote on a more permanent basis, business-critical platforms such as Xref are in high demand. Reference surveys, identity verification, and other pre-employment checks are crucial to give organisations confidence in their hiring and Xref is meeting that demand with an aggressive product development roadmap.

The evolution of Xref's business reflects the leadership team's unwavering focus towards an enhanced platform that increases Xref's global addressable market. Xref will continue to meet the changing needs of recruitment and HR teams globally.

To learn more, please visit:

**Website:** [xref.com](http://xref.com)

**Investor Centre and Presentation:** [xf1.com](http://xf1.com)

**Twitter:** @xf1

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

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## Appendix B - New Notable Clients

**Calvary Healthcare:** Founded in 1885 by the Sisters of the Little Company of Mary, Calvary is a Catholic charitable, not-for-profit health care organisation. With over 18,000 staff and volunteers, their national network consists of 14 Public and Private Hospitals, 72 Residential Care and Retirement Communities and 19 Community Care service centres.

**Kimberley Clarke:** Founded in 1872, Kimberly Clarke has 45,000 employees worldwide and is sold in more than 175 countries. They hold the No. 1 or No. 2 spot for brand share in 80 countries and reported \$19.1 billion in sales for 2020.

**Spriggy:** A family app designed to help parents and children manage their money together. There are now 130,000 Australian families using Spriggy each month and has become one of Australia's most popular Pocket Money apps.

**Capitec:** South Africa's leading digital bank with over 10.1M digital banking clients. They have also been named the third strongest banking brand in the world. The bank has 14.7 million active clients, 14,000 employees and 840 branches.

**Coles:** A leading Australian retailer with over 2,500 retail outlets nationally. The retailer employs over 120,000 people across its supermarkets, liquor stores, convenience outlets and hotels and also provides online shopping and financial services.

**Ministry of the Environment - New Zealand:** The public service department of New Zealand charged with advising the New Zealand Government on policies and issues affecting the environment, in addition to the relevant environmental laws and standards.

**Mitre 10:** Formed in 1959, Mitre 10 is an Australian retail and trade hardware store chain. The group comprises of an independent and local retail network of over 400 Mitre 10 and True Value Hardware stores.

**Seneca Family of Agencies:** (formerly Seneca Center) was founded in 1985, focusing on permanency, mental health, education, and juvenile justice services. On average, Seneca supports 18,000 youth and families throughout California and Washington State each year.

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## Appendix C - Xref Revenue Streams

### Xref Platform

Reference Checks - Xref's fully automated online reference checking platform allows employers to request one or multiple references in minutes and receive fast, honest feedback within 24 hours.

Pulse Checks - in development.

Exit Survey's - Released in November 2021, Exit Surveys has been built for clients wishing to survey past employees to gather organisational metrics, derive an eNPS and build a talent pipeline. Launch clients have been selected to build testimonials and analytics before launching to other existing clients.

Xref via API (ATS) - Commonly, Xref is integrated into ATS's (Applicant Tracking Systems). Xref has an HR Standard API, which is used by clients wanting to integrate Xref into their platform of choice.

Xref Wholesale - Xref offers its reference checking technology to traditional 'checking' companies that wish to offer Xref services to their clients. Wholesale partners include Equifax, CVCheck and First Advantage.

### Xref Marketplace

Additional Checking - Supplementary checks required by hiring managers such as Criminal, Working with Children, Work Rights, Social Media, Director, and AML are integrated into the additional checking panel within Xref. These checks can be requested at the same time as a reference, on their own or added to a current reference request.

RapidID - Acquired in 2019, RapidID allows Xref to offer ID checks to clients via the additional checking marketplace. The business has grown 2,000% since purchase and represents 7% of group sales. The majority of RapidID revenue comes from checks taken for the Know Your Customer (KYC) market. The key offering is online ID verification by collecting real-time pictures of the person and their associated ID documents. Whilst matching the person to their photo ID, the document provided is then checked with the DVS (Document Verification Service).

Graduate Verification Scheme (GVS) (In Development) - The GVS gives employers exclusive access to centralised tertiary graduate data to reliably check academic qualifications in a timely and cost-effective manner.

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