



ASX Announcement/Press Release: 27th January 2022
Xref Limited (ASX: XF1)

Quarterly Update: Strong quarter tops out \$10m sales in the first half, up 96%.

- **Sales** - \$4.6 million - up 71% on the previous corresponding quarter
- **Revenue** - \$4.3 million - up 65% on the previous corresponding quarter
- **Cash Receipts** - \$4.7 million
- **Cash Surplus** - \$0.2 million

Human resources technology company Xref Limited (**ASX: XF1**), ('Xref' or 'the Company') is pleased to report another strong trading performance during the second quarter of the Company's 2022 financial year (Q2 FY2022). Unaudited results for the quarter show sales of \$4.6 million and strong cash receipts at \$4.7 million. Revenue also reached \$4.3 million, up 65% on the previous corresponding period.

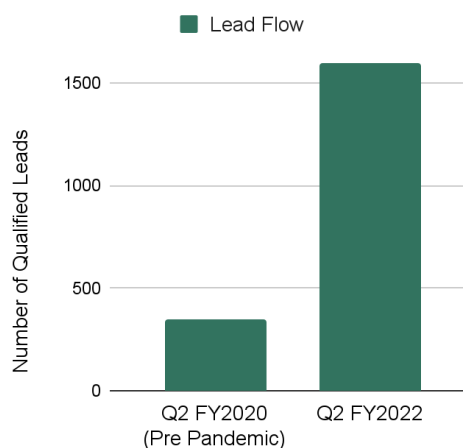
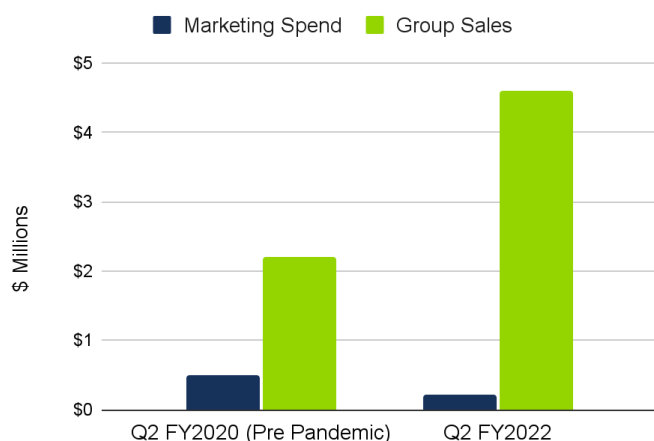
Xref achieved \$10 million in sales for H1 FY2022, up 96% on the previous corresponding half. Revenues totalled \$8.2 million for H1 FY2022, up 68% on the previous corresponding half.

Sales & Marketing Performance

Taking into account the seasonality inherent in Xref's business, the Company's growth trajectory continued throughout H1 FY2022. The fiscal first half is traditionally the Company's lowest sales period due to seasonal fluctuations in the Australian recruitment sector following the financial year-end and the summer holiday season in the Northern hemisphere.

Group sales reached \$4.6 million during the quarter, up 71% on the previous corresponding quarter (Q2 FY21). Sales (gross revenue) by RapidID grew by 173% to \$1.1m when compared to the previous corresponding quarter (Q2 FY21).

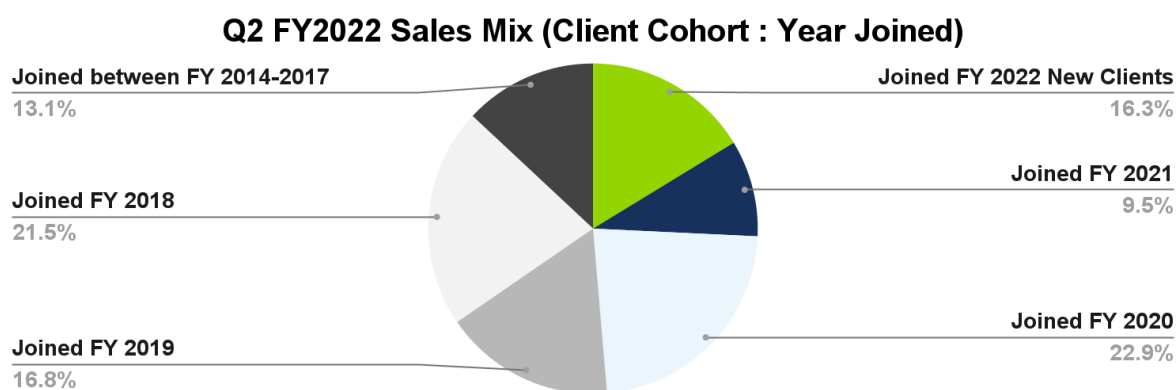
During the pandemic, Xref has been successful in significantly increasing the digital acquisition of new clients, reducing reliance on traditional sales team outreach. Xref has improved all marketing metrics relating to effectiveness and lead generation with the continual optimisation of channels and marketing investment, resulting in a 50% reduction in marketing spend compared to pre-pandemic levels and a 362% increase in lead flow, with 1,600 leads captured in Q2 FY2022. Sales have increased as a result by 109%. Invoice value, client size, initial adoption and sales cycle periods have all improved as we continue to execute our digital marketing strategy.



New notable clients introduced during the quarter include: Think Childcare Australia, The University of the Sunshine Coast, Chartered Accountants Australia and New Zealand, Fortescue Metals Group, St Vincent's Health Australia, Rabobank and Downer in Australia and New Zealand; Prison Advice and Care Trust, DHL Global Forwarding, Wolves Football Club in the UK; The University of British Colombia, Trulioo, Vaco, Cornwall Hospital and Evangelical Lutheran Church in North America. Further information about these new clients follows as an appendix.

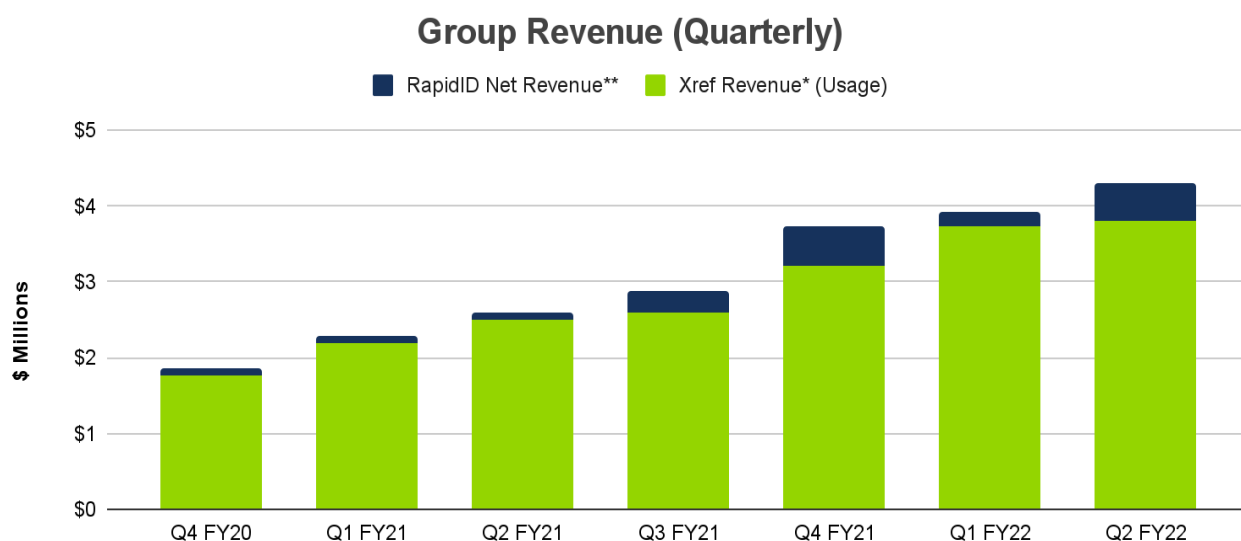
Client Retention

Clients who joined Xref before FY17 accounted for 13% of sales during Q2 FY22 despite significant sales growth since then, demonstrating Xref's ability to retain and grow its share of clients' business over time. Clients joining Xref during FY22 to date represented 16% of total sales during the quarter, demonstrating Xref's ability to also acquire new, high-value clients.



Group Revenue

Xref credits used during the quarter totalled \$3.8 million and, together with RapidID's net revenue of \$0.5 million, contributed to a record quarterly revenue of \$4.3 million. Xref credit usage grew 52% and RapidID's net revenue grew 363% on the previous corresponding period. RapidID's net revenue grew faster than gross revenue as a result of further bulk discounts from 3rd party vendors and therefore a larger margin was achieved, this will continue with scale.

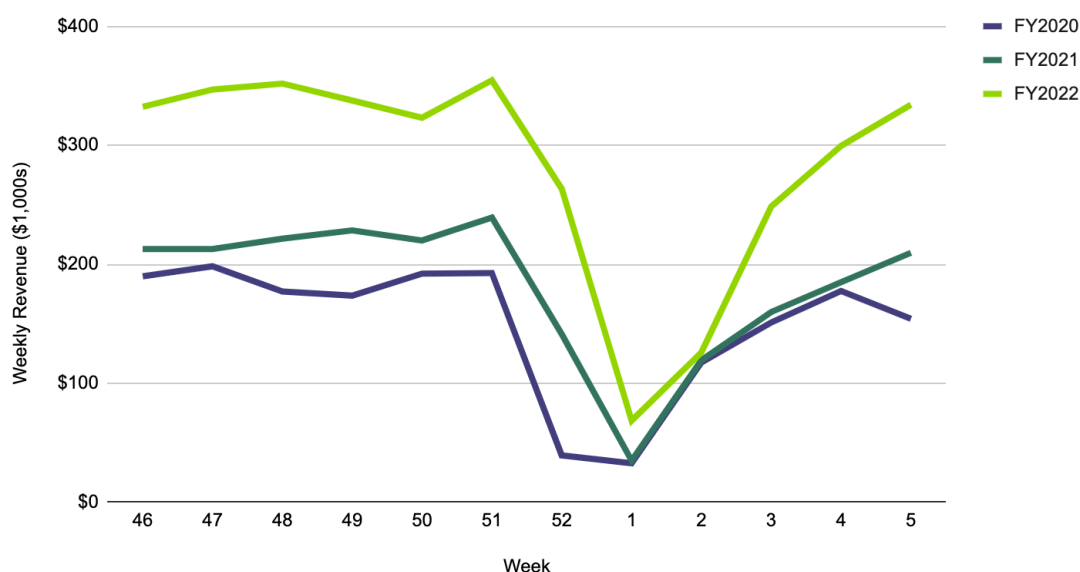


* Xref credits are recognised as revenue when used

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

Christmas Period Recovery Rate

Xref monitors hiring recovery rates and hiring trends to predict the resilience of the industry and forecast activity. Historically, Australian clients do not operate at peak credit usage levels over the six week period from Christmas/New Year through to the Australia Day public holiday at the end of January. However, just five weeks after the latest Christmas/New Year break, revenue as a result of credit usage had already achieved 96% recovery, representing a very promising start to the new calendar year in Australia. 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.



Product Investment

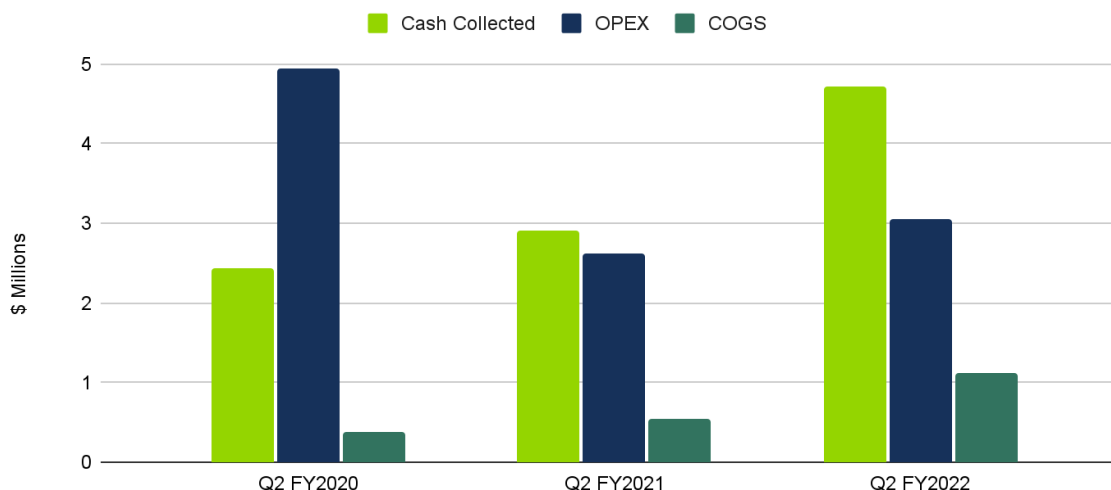
Xref is working with some of its largest global clients to expand the current platform and develop the Xref Marketplace to support their future requirements. The enhanced platform will dramatically increase Xref's global addressable market through the provision of additional services, allow for an entirely 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 new platform features. Further information about these revenue streams follows as an appendix.

Xref Revenue Streams

Xref Marketplace Q2 FY2022			Xref Platform Q2 FY2022		
Revenue Stream	Revenue	Growth	Revenue Stream	Revenue	Growth
Additional Checks (Incl. Rapid ID)	\$488,000	364%	Reference Checks	\$2,600,000	45%
Xref via Wholesale	\$70,000	100%	Pulse Checks	In Development	
Xref via API	\$1,200,000	71%	Exit Surveys	Launched Q2 2021	

Cash Collections, OPEX and COGS

Cash collections were \$4.7m in the quarter, up 62% on Q2 FY2021. OPEX increased 16% with the addition of further headcount and increases in wages and salaries. OPEX remains 40% lower than pre-pandemic levels and is expected to remain relatively flat. COGS of \$1.1m 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.



Cash Surplus

The cash flow surplus for the current quarter was \$0.2 million (excluding \$1 million received from the exercise of warrants) and cash at the bank on 31st December 2021 was \$10.5 million. Cash surplus for H1 FY2022 is \$1.4 million compared to a \$1.2 million deficit in H1 last year. Xref has now achieved three consecutive quarters of positive cash flow and has traded profitably for the full 2021 calendar year (unaudited).

Business Update: Investor Call - 27th January

Following the release of its Quarterly Activities Report and Appendix 4C for the December quarter, Chief Executive Officer, Lee-Martin Seymour, will host an investor call to discuss Xref's Q2 FY2022 performance on Thursday, 27th January 2022 at 11:00 am AEDT. The number for Australian investors is 1800 093 431 and for international investors is +61 2 8047 9393. The conference ID is 31533185#. For a full list of toll-free international dial-in numbers for all regions please click [HERE](#).

Management Comments:

Executive Director / CEO Lee-Martin Seymour said: "We are starting to see historical Australian seasonal fluctuations reduced by stronger demand in the sector and the growth of both RapidID and our overseas operations. While only halfway complete, we have already built a strong foundation for FY2022. Both new business demand and current client usage during the holiday season has been unprecedented and suggests that our Q3 and Q4 FY2022 performance will be strong. In tandem, we are preparing to launch products to grow the marketplace and platform subscriptions. It is a very exciting period in our growth journey."

Chairman / Tom Stianos said: "These results demonstrate Xref's continued ability to maintain profitable whilst investing in growth. We have a clear growth strategy and we can now execute this faster with our improved platform and operating metrics. With Xref's first half performance exceeding expectations as the market demand powered strong growth in sales, we are now re-evaluating our goals."

Appendix 4C item 6 explanatory note

As required by listing rule 4.7C.3, the amount of \$175,000 shown at item 6 within this quarter's 4C is payment of directors fees and salaries to executive directors, plus statutory entitlements.

For further information:

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

About Xref

Xref is a reference checking and identity verification platform that empowers organisations worldwide to make great people decisions.

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. Xref also enables employers to know who a candidate really is with RapidID, Xref's biometric identity verification solution.

Xref is the reference checking platform of choice globally. The company understands the talent and human resources markets and is currently working with some of the largest organisations in the world to develop new products that will provide unique employment insights.

In the future, Xref plans to extend its platform across the full hire to retire journey, dramatically increasing its addressable market and allowing organisations to reap the benefits of Xref across their businesses.

To learn more, please visit:

Website: xref.com

Investor Centre and Presentation: xf1.com

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

Email: investors@xf1.com

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

Appendix A – Notable new clients onboarded in Q2FY22

Australia & New Zealand

Think Childcare Limited (ASX:TNK) owns, manages and operates long day childcare facilities in Australia for children between the ages of six weeks and six years old. With 2,200 employees and 90 centres nationally, it is one of Australia's largest privately operated childcare centres.

The University of the Sunshine Coast is a modern higher education institution located in Queensland, Australia. USC remains the most awarded university for quality teaching in Queensland, consistently achieving a five-star rating for this area of focus.

Chartered Accountants Australia and New Zealand represent more than 131,673 financial professionals. CA ANZ promotes the Chartered Accountant (CA) designation, and high ethical standards and delivers world-class services and life-long education to members and advocates for the public good. CA ANZ employs over 500 people and has offices in Australia, New Zealand, Singapore, Malaysia, Hong Kong and the United Kingdom.

Fortescue Metals Group Limited (ASX:FMG) is an Australia-based company engaged in iron ore mining. The business owns and operates a fully integrated infrastructure and supply chain that employs 10,000 workers, mostly in Australia.

St Vincent's Health Australia has provided health care for Australia for 160 years. They are Australia's most significant not-for-profit health and aged care provider. St Vincent's Health Australia employs around 20,650 staff and operates more than 3,000 hospital beds and 2,400 residential aged care places.

Rabobank Australia & New Zealand Group is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. The group is structured as a cooperative and operates across 40 countries, servicing the needs of approximately 8.6 million clients worldwide through a network of more than 1,000 offices globally and 94 branches across Australia and New Zealand.

Downer EDI Limited (ASX:DOW) is the largest provider of integrated services in New Zealand. Services include engineering and infrastructure management services to customers operating in market sectors including minerals & metals, oil & gas, power, road & rail infrastructure, telecommunications and water. The business employs 10,000 people from Kaitia to Invercargill.

The United Kingdom & Europe

Prison Advice and Care Trust is a pioneering national charity that provides caring and life-changing services to men and women in prison, people with convictions on release and in the community, and their children and families.

DHL Global Forwarding is a part of the DHL group. The forwarding division specialises in freight movement solutions through global rail, road, air and ocean services. The DHL group employs 400,000 people across 220 countries and territories.

Wolves (Wolverhampton Wanderers) Football Club is a professional association football club based in the city of Wolverhampton in the West Midlands, England. Wolves have won 17 major trophies in their history, including 11 league titles, four FA Cups and two League Cups.

North America

The University of British Columbia is a global centre for research and teaching, consistently ranked among the top 20 public universities in the world. The institution employs over 17,000 faculty and staff. UBC counts 8 Nobel laureates and 71 Rhodes Scholars among its alumni, including three Canadian prime ministers.

Trulioo is a Canadian-based company that provides electronic identity and address verification of individuals and businesses. Trulioo supports global clients with their Anti-Money Laundering (AML)/ Know Your Customer (KYC) identity verification requirements by providing secure access to over 5 billion identities worldwide.

Vaco is a global talent solutions and business consulting firm serving businesses and job seekers across multiple industries and specialties. Vaco has successfully placed more than 73,000 candidates and consultants and has been named one of the fastest-growing companies in the US by Inc. Magazine for the last 15 years.

Cornwall Community Hospital provides a full range of acute inpatient, outpatient and community mental health services to their catchment area of 100,000 people from the communities of Cornwall. With over 150 beds, more than 1,200 employees and 180 physicians, CCH offers a wide range of care and services.

The Evangelical Lutheran Church in America is one of the largest Christian denominations in the United States, with nearly 3.3 million members across the 50 states and in the Caribbean region.

Appendix B - Xref Revenue Streams

Xref Marketplace

Additional Checking - Supplementary checks required by hiring managers such as Criminal, Working with Children, ID, Social, Director, 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 KYC (Know Your Customer) 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).

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

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 recently announced FirstAdvantage.

Xref Platform

Ref 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.