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14th October 2020

Quarterly Update: Xref Announces Strong Start to FY21

- **Sales (Xref Credits Sold)** - $2.4 million
- **Revenue (Xref Credits Used)** - $2.2 million
- **Cash Receipts from Sales** - totalled $2.5 million
- **Cash Expenses** - totalled $2.8 million

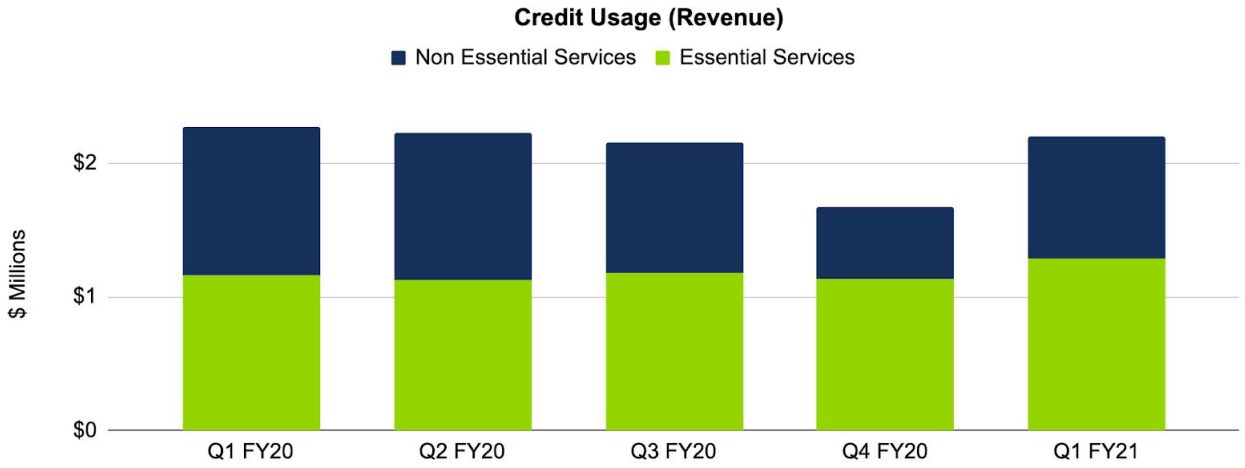
Xref Limited **(ASX:XF1)**, the human resources technology company, today reported a successful first quarter of trading, despite the impact of COVID-19. Unaudited results show sales reached $2.4 million, and cash receipts were also strong at $2.5 million. Credit usage reached $2.2 million for the quarter, which was an encouraging return to pre-COVID-19 levels.

Although faced with turbulent and disrupted market conditions during the quarter, caused by the pressures of COVID-19 globally, Xref was able to deliver a solid sales result. In addition to the five notable client wins announced on September 8, a further 45 new clients were introduced including, the Department of Treasury (Federal) in Australia, Marvel Med Staffing in Canada, The Open Polytechnic in New Zealand and The Gleneagles Hotel in Scotland. Further information about these new clients follows as an appendix.

A Strong Foundation for Revenue (Credit Usage)

Xref credits used during the quarter totalled $2.2 million. Continued demand from essential services and an increase in usage from businesses commonly regarded as non-essential services saw credits used increase 29% on the previous quarter, demonstrating a promising return back to pre-COVID-19 levels.

Over the past four years, Xref has focused on essential services organisations within the 'trust' economy, which include those in the health, government, not-for-profit and education sectors. A new usage record of $1.3 million by essential services clients alone in Q1 FY21, demonstrates what a strong foundation these organisations have provided during the pandemic. Although still behind pre-COVID-19 levels, credit usage by clients deemed non-essential grew by 70% on the previous quarter to $0.9 million, highlighting a return for many of these businesses back to prior recruitment levels.

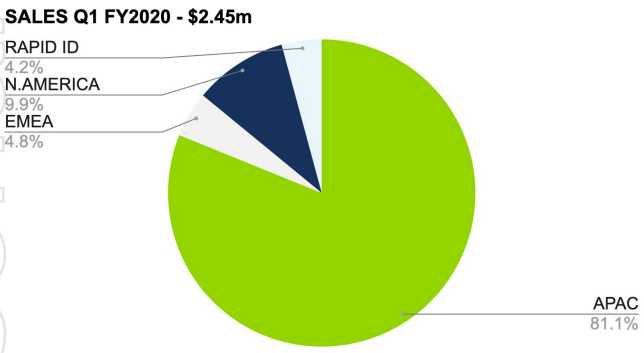


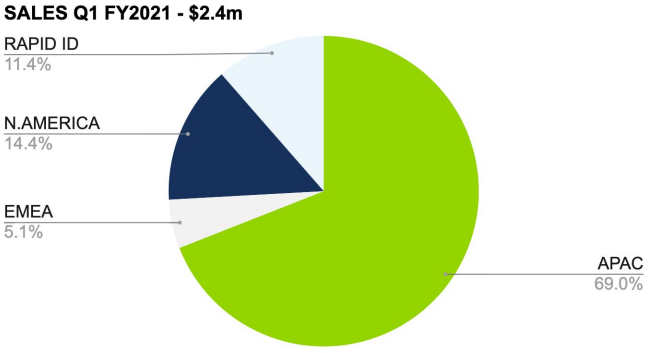
Capturing Growing Market Demand

COVID-19 has accelerated the global demand for remote working and, as a result, employers' desire to improve governance is increasing and they are seeking improved ways to perform candidate verification. Our reliance on outbound, direct sales activities is fast being replaced by inbound, marketing-led demand. We have witnessed a rise in inbound leads, as a result, in the most part, from our channel partner integrations, global digital strategy and the network effect generated through the numerous sectors and global regions our services are used in.

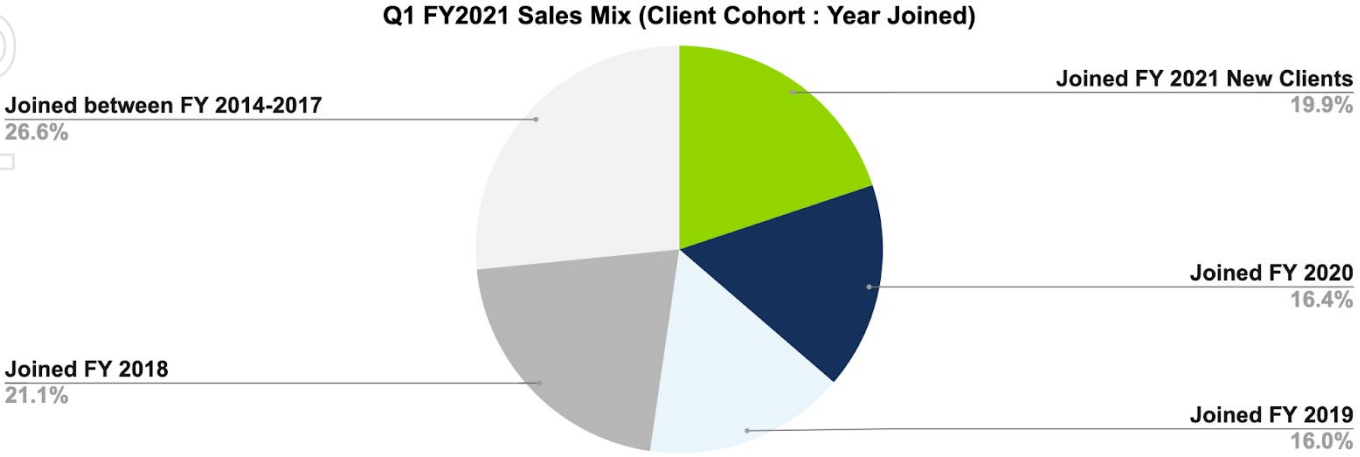
Xref can acquire clients via the self-serve platform, our in-house enterprise sales teams or via our 30 channel partners. Xref has continued to launch new integration partnerships during the quarter. Integrations with My Recruitment Plus, Scout Talent, and Cited in APAC and Talent Recruiter in EMEA are now live and joint go to market campaigns have all been launched. Further information about these new partners follows as an appendix.

Sales of Xref credits reached $2.4 million during the quarter, despite the effects of the COVID-19 pandemic this is only a 3% decrease on the previous corresponding quarter (Q1 FY2020). New clients accounted for 20% of sales, while 20% came from Xref's international offices in Europe and North America and 11% from RapidID, a business acquired by Xref in July 2019. Sales by Xref North America and RapidID grew by 37% and 155% respectively when compared to the corresponding quarter (Q1 FY2020).





Clients who joined Xref prior to FY17 accounted for 26% of sales during Q1 FY21, demonstrating the Company's ability to retain and grow clients over time. In contrast, 20% of sales were from new clients that joined within the quarter, further demonstrating Xref's ability to consistently acquire new clients within the quarter.



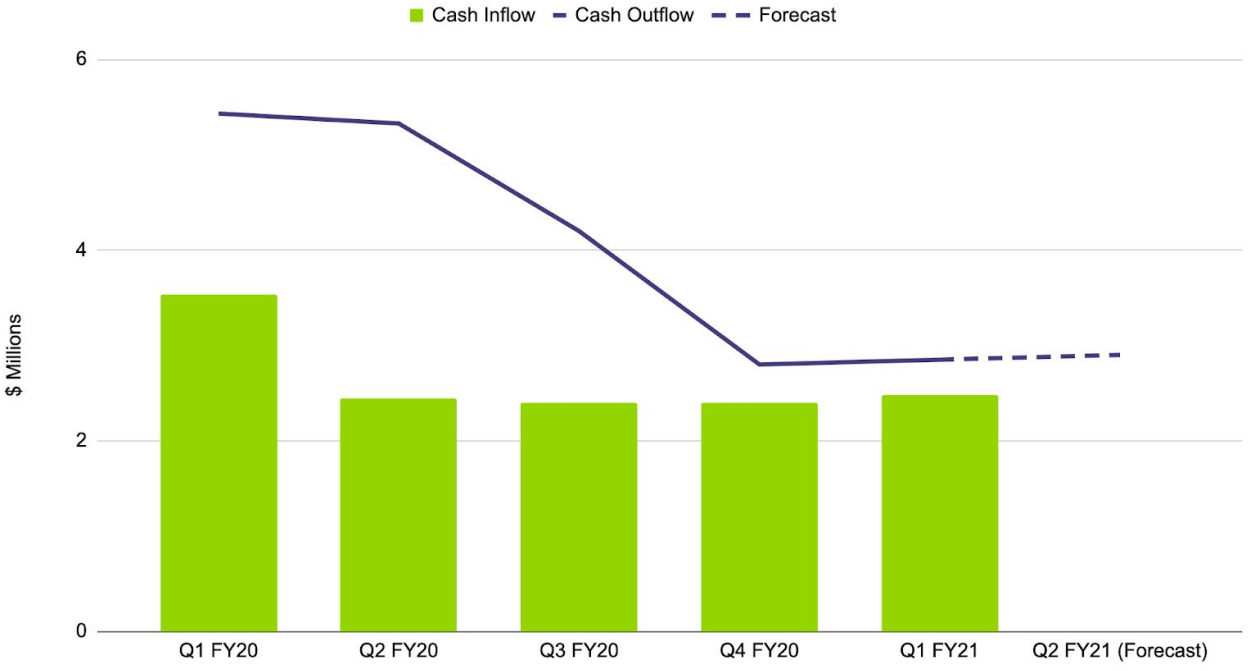
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Cost of Acquisition Decreasing - Cash Preserved

Since December 2019, Xref has scaled back event costs, travel, development costs, office leases and has reduced headcount from 98 to 61 people. This has driven a dramatic and immediate reduction in cash expenses. Cash outflows for the September quarter were down 48% to $2.85 million from $5.4 million in Q1 FY20. Expenses for Q2 FY2021 are forecast at $2.9 million.

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.



Due to a strong recovery during the quarter, Xref will no longer receive the Australian JobKeeper subsidy (Q1 FY2021 $440k) from Q2 onwards. Further growth in sales and revenues will continue to move Xref towards cash-flow break-even in H2 FY2021.

Cash on hand at the end of September was $7.1 million.

Management Comments:

Executive director / CEO Lee-Martin Seymour said: "Despite still tackling the pressure placed on our global business by the pandemic, we have been able to achieve our sales targets and client usage has bounced back to pre COVID-19 levels. We are delivering strong results while spending 48% less and with a 40% reduction in headcount since last year. Our business is starting to benefit from the technical, operational and system-based efficiencies we have strived to implement. As we start to leverage the opportunity ahead, our ability to break even is within reach.

Executive director / CSO Tim Griffiths said: "As a result of the pandemic, there is growing pressure on our clients to increase the verification of humans across their organisations. We are continuing our focus on system integrations, integrating with further external check providers and adding new features to the Xref platform."

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Brad Rosser / Chairman said: "Staying focused on the core business and removing all distraction has seen the Xref management team navigate the pandemic well. As the world returns to the new normal, Xref can take full advantage of the upside while focussing on break-even and growth."

Appendix 4C item 6.1 explanatory note
As required by listing rule 4.7C.3 the amount of $223k shown at item 6.1 within this quarters 4C is payment of directors fees & salaries to executive directors plus statutory entitlements.

Investor and media enquiries:
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Email: investors@xf1.com

Authorised by the Board: Xref Limited (ASX : XF1)
Xref Limited, Suite 17, 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

Department of Treasury, Federal Government - Australia. The Treasury is engaged in a range of issues from macroeconomic policy settings to microeconomic reform, client change to social policy, as well as tax policy and international agreements and forums.

Marvel Med Staffing - United States. Marvel Med Staffing is a dedicated medical staffing company in the United States

The Open Polytechnic (Māori: Kuratini Tuwhera) - New Zealand. The Open Polytechnic is a government-owned tertiary education institution, operating as the specialist national provider of open and distance learning (ODL).

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The Gleneagles Hotel - Scotland. Established in 1924, The Gleneagles Hotel is a prestigious resort in the heart of Scotland. Set within 850 acres, it offers three championship golf courses.

Notable Clients (released 8th September 2020)

Mubadala Healthcare - UAE. Mubadala is the force behind some of the best healthcare companies in the UAE, including the Cleveland Clinic Abu Dhabi, Wooridul Spine Centre and the ICLDC. In total, the group employs 100,000 staff, manages $260 billion of assets across 50 countries and generates $53 billion in revenue per year. The Canadian Xref sales team was responsible for winning the client and as a global business it will be supported by the APAC, EMEA and North American customer success teams.

Ramsay Healthcare Limited - Australia. Ramsay Healthcare delivers a range of acute and primary healthcare services from 480 facilities across 11 countries, making it one of the largest and most diverse private healthcare companies in the world. The company employs more than 77,000 staff and treats 8.5 million patients in its hospitals and primary care clinics located in Australia, France, the United Kingdom, Sweden, Norway, Denmark, Germany, Italy, Malaysia, Indonesia and Hong Kong.

IHC Group - New Zealand. IHC is New Zealand's largest provider of services to people with intellectual disabilities and their families. It was founded in 1949 by a small group of parents who wanted equal treatment from the education and health systems for their children with intellectual disabilities. IHC employs around 4,500 staff and directly supports approximately 4,000 people with intellectual disabilities around New Zealand through core funded services.

Lawrence Livermore National Laboratory - California, United States. LLNL is a premier research and development institution for science and technology applied to national security. Its principal responsibility is ensuring the safety, security and reliability of the nation's nuclear weapons through the application of advanced science, engineering, and technology. \ LLNL employs 8,000 staff across a 7,700 acre campus in Livermore, California. LLNL was won as a result of the Xref Channel partnerships held across the US.

Airwallex - Australia. Airwallex delivers a better way to make global payments, by offering businesses a smart cross-border payment technology platform. Airwallex currently employs more than 400 staff across 10 offices globally.

Appendix – New Integrations

MyRecruitment+ is an Australian cloud-based platform that enables HR and recruitment agencies to manage their recruitment and onboarding activities from one location.

Scout Talent is an Australian-based provider of cloud-based recruitment technology.

Cited™ Proof at Work is a national background checking service and compliance tracking platform that offers online National Police Checks, identity checks and employment verification services.

Talentech combines the very best of four industry-leading HR tech innovators: HR Manager, ReachMee, Talmundo, and Webcruiter. Established in 2019, Talentech has offices throughout Europe, with its main hubs in Oslo, Amsterdam, Stockholm, Helsinki, and Copenhagen

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Appendix 4C

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

Name of entity

Xref Limited

ABN	Quarter ended ("current quarter")
34 122 404 666	30 Sep 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,475	2,475
1.2	Payments for		
	(a) research and development	(14)	(14)
	(b) product manufacturing and operating costs	(385)	(385)
	(c) advertising and marketing	(134)	(134)
	(d) leased assets	(164)	(164)
	(e) staff costs	(2,047)	(2,047)
	(f) administration and corporate costs	(351)	(351)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	461	461
1.8	Other (provide details if material)		
	- Upfront annual subscriptions paid	(160)	(160)
	- GST for the period	(213)	(213)
	- Net foreign exchange	(6)	(6)
1.9	**Net cash from / (used in) operating activities**	**(536)**	**(536)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(17)	(17)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets - Website	(38)	(38)
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	1
2.6	**Net cash from / (used in) investing activities**	**(54)**	**(54)**

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	5,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(235)	(235)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(4,765)**	**(4,765)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,937	2,937
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(536)	(536)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,765	4,765
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**7,112**	**7,112**

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	7,037	2,862
5.2	Call deposits	75	75
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)**	**7,112**	**2,937**

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	223
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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7.	**Financing facilities** *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.*	**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)	(536)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	7,112
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	7,112
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	13.27
	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.	

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*

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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: *13 October 2020*

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

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