

ASX Announcement/Press Release : 6th July 2021
Xref Limited (ASX:XF1)

Quarterly Update: Xref Achieves Profit with 140% Sales Growth in Q4

- **Sales** - \$6.4 million
 - Xref Credits \$5.1 million 104% growth
 - Rapid ID Gross Sales \$1.3 million 677% growth
- **Cash Expenses** - \$3.4 million
- **Cash Receipts** - \$5.9 million
- **Revenue** - \$3.7 million
- **Profit Before Tax** - \$0.8 million

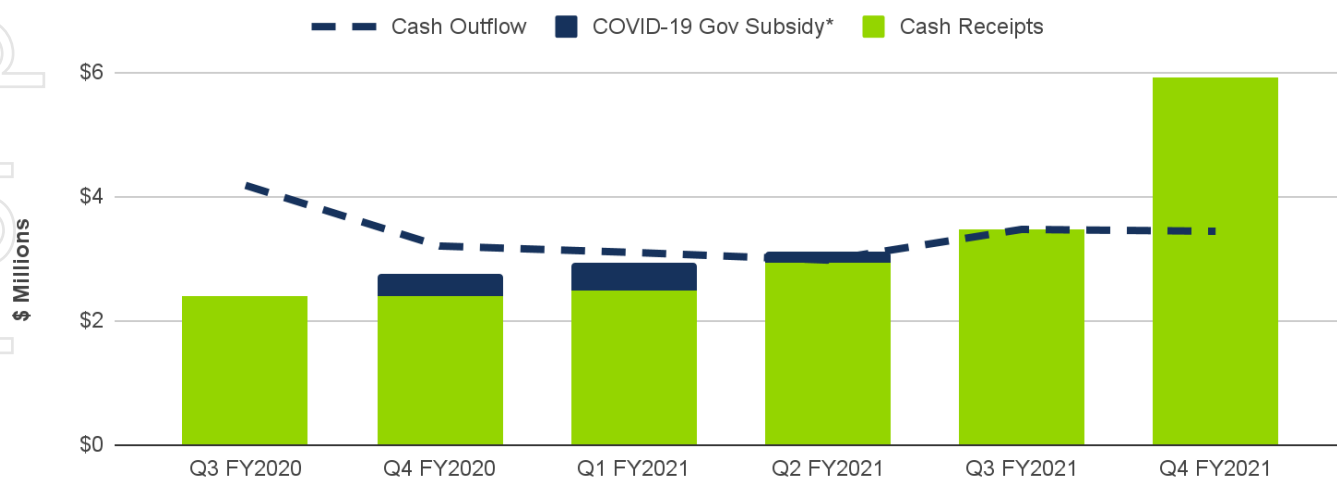
Xref Limited (**ASX:XF1**), the human resources technology company, today reports a record fourth quarter of trading. Unaudited results show record sales of \$6.37 million, and strong cash receipts at \$5.93 million. Credit usage also reached \$3.73 million for the quarter.

New clients introduced during this time included RACV, NIB Group, Prosopa and General Pants Group in Australia; Ministry of Health in New Zealand; Brighton & Hove Albion FC and Ferrovia Construction in the United Kingdom; and Eurofins Scientific and Mott Macdonald in the USA. Further information about these new clients follows as an appendix.

Cash Flow Break Even

Operating cash outflows for the June quarter were \$3.43 million, while cash receipts reached a record \$5.93 million. Cash receipts from sales were up by 149% on the previous corresponding quarter. Xref was able to achieve an operating cash surplus of \$2.5 million for the quarter. After allowing for development costs and interest the full quarter cash surplus was \$1.95 million.

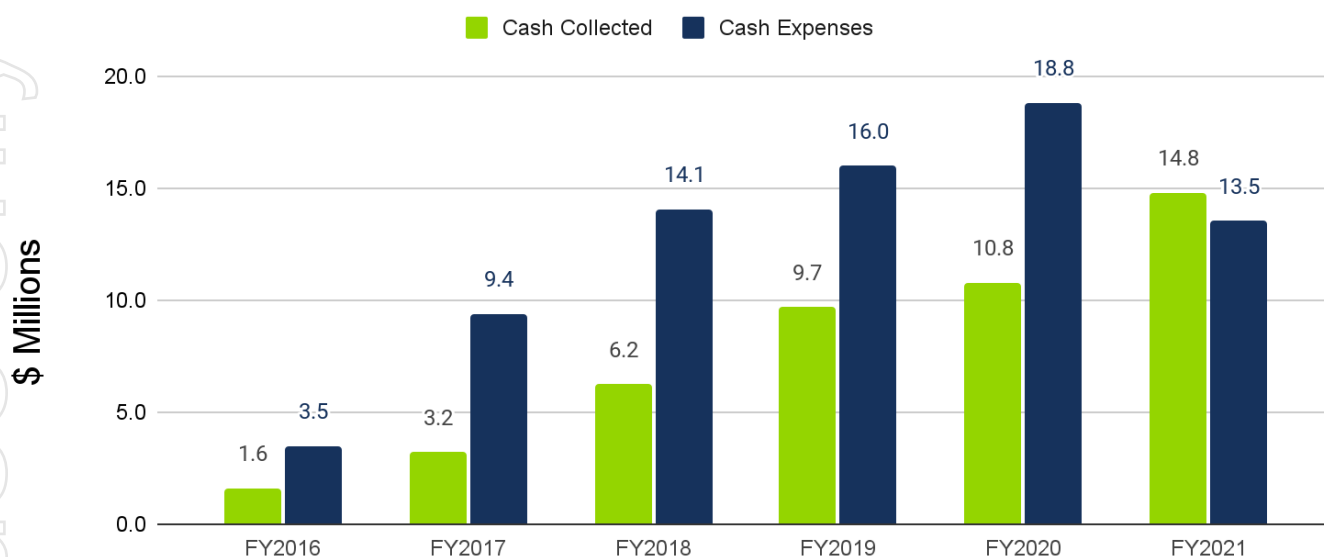
Group Cash Flow (Quarterly)



Cash at bank on 30 June 2021 was \$8.19 million compared to \$2.94 million in June 2020, including receipt of net proceeds from the new debt facility of \$4.7 million in July 2020. Xref achieved an

operating cash surplus of \$1.91 million for the year and a maiden full year cash flow surplus after including all development costs, funding acquisition costs and interest costs of \$0.25 million.

Operating Cash Flows (Yearly)

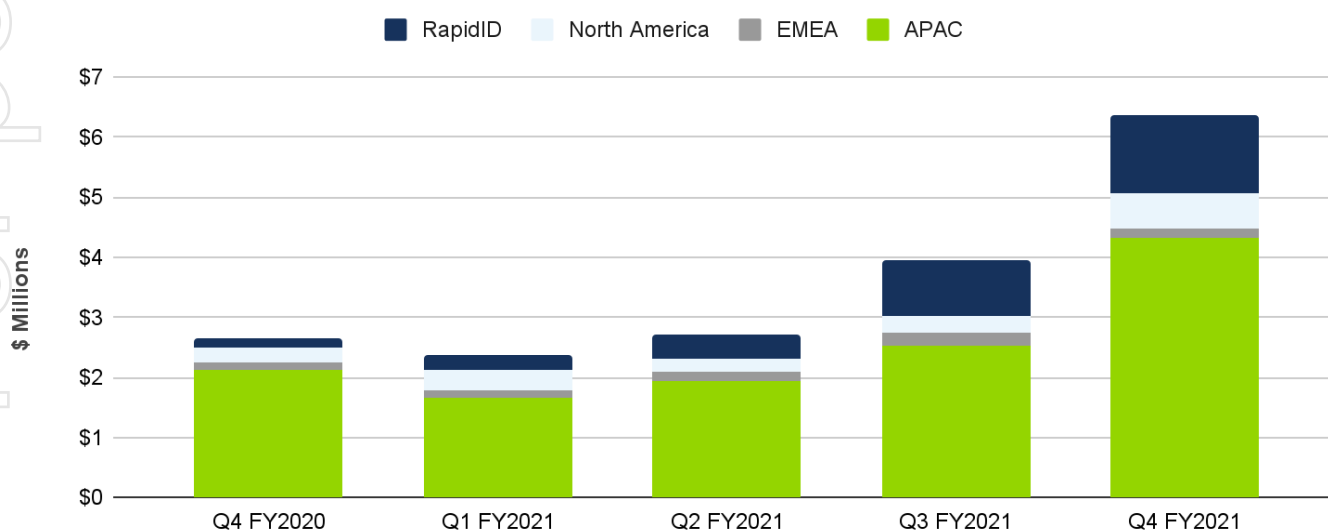


*Excludes R&D grants and COVID-19 subsidies.

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 (Quarterly)

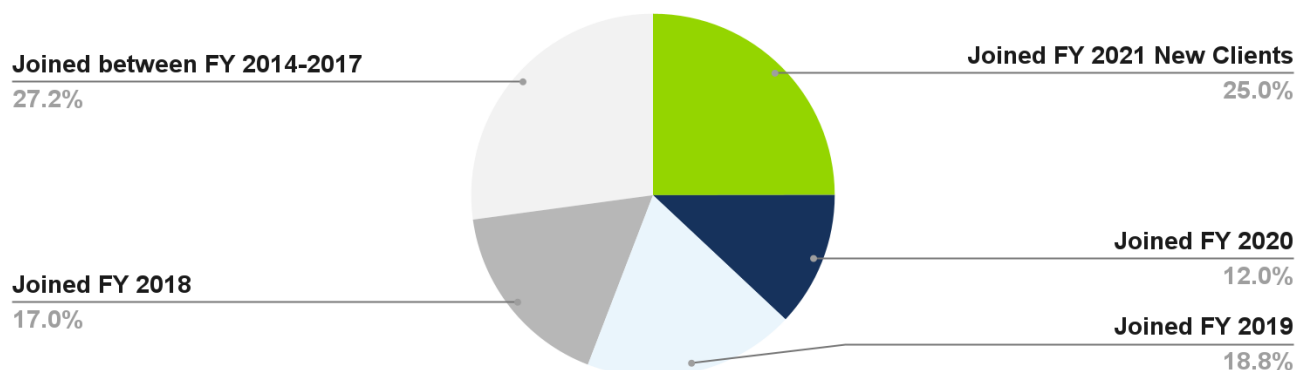


Group sales reached \$6.37 million during the quarter, up 140% on the previous corresponding quarter (Q4 FY20) and 61% when compared to Q3 FY21. Newly acquired clients accounted for 21% of Xref sales, while 11.6% came from Xref's international offices in Europe and North America and 20.5% from RapidID.

Sales from North America grew 150% to \$0.6m when compared to the previous corresponding quarter (Q4 FY20) and 115% when compared to Q3 FY21. Sales (gross revenue) by RapidID grew by 677% when compared to the previous corresponding quarter (Q4 FY20 and 37% when compared to Q3 FY21).

Clients who joined Xref prior to FY17 accounted for 27.2% of sales during Q4 FY21 despite significant sales growth since then, demonstrating Xref's ability to retain and grow clients over time. Clients that joined within FY21 represented 25% of total sales during the quarter, demonstrating Xref's ability to also acquire new, high-value clients.

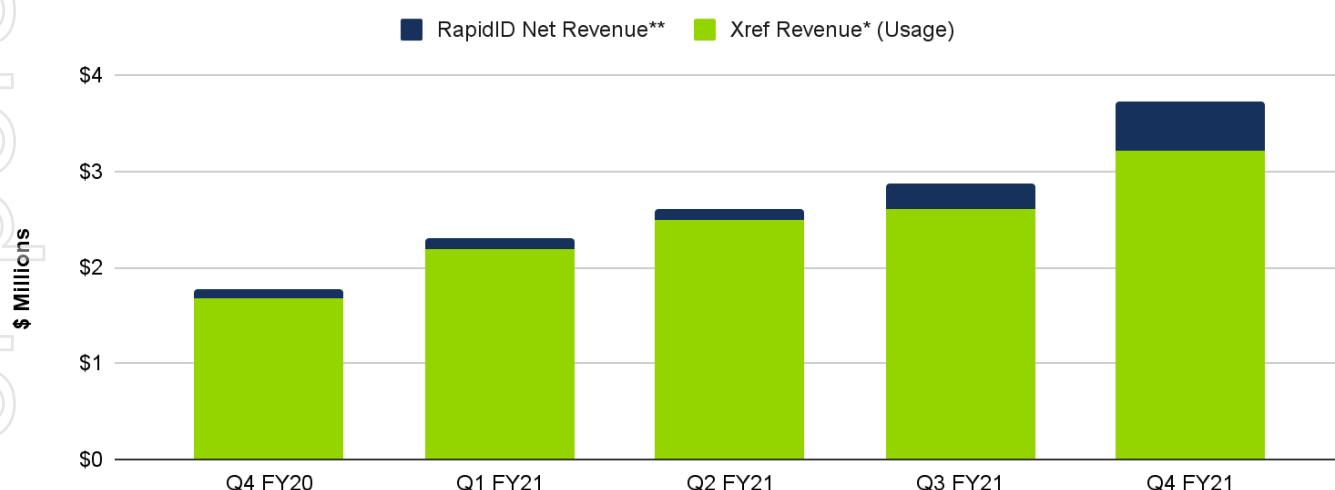
Q4 FY2021 Sales Mix (Client Cohort : Year Joined)



Group Revenue (Credit Usage)

Xref credits used during the quarter totalled \$3.21 million and, together with RapidID's net revenue of \$0.52 million, contributed to a record quarterly revenue of \$3.73 million. Xref credit usage grew 89% and RapidID's net revenue grew 472% on the previous corresponding quarter (Q4 FY20).

Group Revenue (Quarterly)



* Xref credits are recognised as revenue when used

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

Product Investment

Although Xrefs 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.

Profit Before Tax

The profit before tax for the quarter was \$0.8m*.

*Unaudited management accounts

Appointment of Non Executive Director, Lija Wilson

On 2nd June 2021 Xref announced the [appointment of Lija Wilson](#) as a Non-Executive Director of the Company, effective 2nd June 2021. Mrs Wilson's appointment is to be confirmed by shareholders at the 2021 Annual General Meeting (AGM) in November 2021.

Business Update: Investor Call - 6th July

Chief Executive Officer, Lee-Martin Seymour, will host an investor call to discuss Xref's Q4 FY21 results on Tuesday, 6th July 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 67270157#. 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: "The extreme unpredictability of market conditions in FY21, meant it was one of our most challenging financial years to date. However, we are proud of the many strategic decisions we made, which resulted in us emerging from the pressures of the pandemic in our strongest position to date. Over recent years we have focussed on building Xref's online brand presence, third party ratings and self-serve products. This digital-first approach has been vital to our growth in 2021 as global employers search online for better ways to verify and measure talent. Our results not only reflect the critical nature and demand for the Xref platform but demonstrate the brilliance and professionalism of the Xref team. The year ahead will bring new products, sustained profitability and continued growth. We are all very excited to discover what FY22 will hold."

Chairman / Brad Rosser said: "Having committed to achieving both growth and profitability during FY21, it is exciting to share these record results. Xref's ability to retain clients while acquiring new customers, at all levels and via many channels, is exemplary. Now, the business is at an inflection point, positioned well for scale and has the resources to take full advantage of the opportunity ahead."

Appendix 4C item 6 explanatory note

As required by listing rule 4.7C.3, the amount of \$140,000 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:

Xref Limited

Lee-Martin Seymour
Founder, CEO, Director
E: lee@xref.com
M: +61 439 576624

Media & Investor Enquiries

The Capital Network
Julia Maguire
E: julia@thecapitalnetwork.com.au
M: +61 2 8999 3699

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 – New clients

Australia & New Zealand

RACV - has more than 3000 employees and over 2 million members and operates in the areas of motoring, home, leisure, travel and retail. They provide products and services such as roadside assistance, insurance, leisure and travel services and home security

nib Group - founded in 1952, nib Group provides health and medical insurance to over 1.4 million Australian and New Zealand residents. They also provide health insurance to almost 200,000 international students and workers in Australia and are Australia's third largest travel insurer and global distributor of travel insurance. nib has 1500 employees.

Prosper - founded in 2012 with the vision of changing the way small business owners experience finance, and today has over 200 employees and a network of over 10,000 distribution partners across Australia and New Zealand.

General Pants Group - is an Australian fashion retailer operating 54 stores across Australia and over 600 employees.

The Ministry of Health in New Zealand - (Māori: Manatū Hauora) is the public service department of New Zealand responsible for healthcare in New Zealand. It came into existence in its current form in 1993 and currently has over 1100 employees.

United Kingdom

Brighton & Hove Albion FC - is an English professional football club based in the city of Brighton and Hove. They compete in the Premier League, the top tier of the English football league system.

Ferrovial Construction - is a Spanish multinational company involved in the design, construction, financing, operation (DBFO) and maintenance of transport infrastructure and urban services. Ferrovial employs over 100,000 people across 50 countries and has revenues of €12 billion.

North America

Eurofins Scientific - is an international group of laboratories headquartered in Luxembourg, providing testing and support services to the pharmaceutical, food, environmental, agriscience and consumer products industries[1][2] and to governments. Eurofins Group has an international network of more than 800 laboratories across 50 countries Eurofins employs over 50,000 people across 50 countries and has revenues of €6 billion.

The Mott MacDonald Group (USA) - is a construction consultancy headquartered in the United Kingdom. It employs 16,000 staff in 150 countries. Mott MacDonald is one of the largest employee-owned companies in the world.



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")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,929	14,787
1.2 Payments for		
(a) research and development	(12)	(41)
(b) product manufacturing and operating costs	(843)	(2,153)
(c) advertising and marketing	(114)	(490)
(d) leased assets	(66)	(434)
(e) staff costs	(1,862)	(8,326)
(f) administration and corporate costs	(226)	(853)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	11	656
1.8 Other (provide details if material)		
- Upfront annual subscriptions paid	(20)	(409)
- GST for the period	(293)	(857)
- Net foreign exchange	(1)	23
1.9 Net cash from / (used in) operating activities	2,504	1,913

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(33)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets - Website	(454)	(1048)
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)	23	26
2.6	Net cash from / (used in) investing activities	(433)	(1,055)

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)	(375)
3.10	Net cash from / (used in) financing activities	(125)	4,390

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,239	2,937
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,504	1,913
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(433)	(1,055)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(125)	4,390
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,185	8,185

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	8,151	6,205
5.2	Call deposits	34	34
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)	8,185	6,239

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	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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)	2,504
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,185
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	8,185
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A
<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 July 2021

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