

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

## Xref sustains cash flow profitability whilst growing 40%

Human resources technology company Xref Limited (**ASX: XF1**), ('Xref' or 'the Company') is pleased to report another strong trading performance during the third quarter of the Company's 2022 financial year (Q3 FY2022). Unaudited results for the quarter show sales of \$5 million and strong cash receipts of \$5 million. Revenue also reached \$4.2 million, up 40% on the previous corresponding period.

Xref has achieved \$15 million in sales FY2022 to date, up 67% on the previous corresponding period. Revenues totalled \$12.5 million for FY2022 to date, up 60% on the previous corresponding period.

### SUMMARY – Compared to March Quarter 2021

<b>SALES</b> <b>\$5m</b> Up 26%	<b>REVENUE</b> <b>\$4.2m</b> Up 40%
<b>COLLECTIONS</b> <b>\$5m</b> Up 42%	<b>EXPENSES</b> <b>\$4.2m</b> Up 22%

**Executive Director / CEO Lee-Martin Seymour said:** "This quarter has clearly demonstrated the strong alignment our business has with the sectors we service. As those sectors grow and flourish, so do we."

The quicker than usual recovery from the Christmas period, North American growth and the unwavering demand shown through lead generation are an indicator of what we can expect in the fourth quarter."

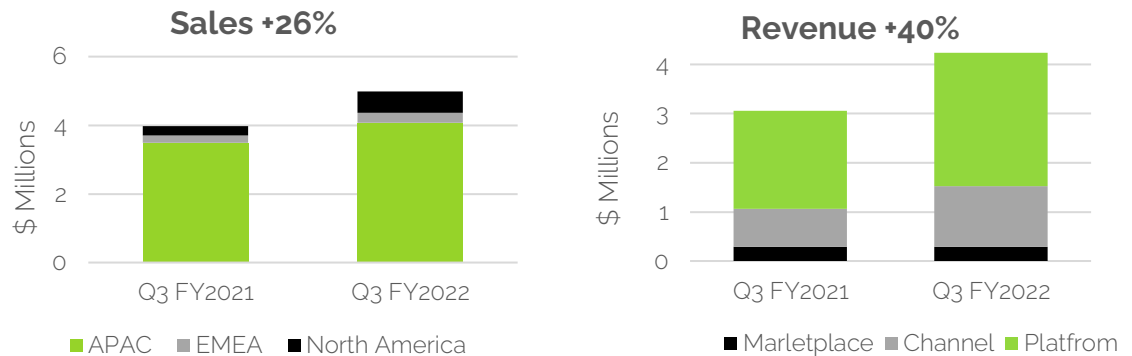
**Chairman / Tom Stianos said:** "The results for the year to date signal a strong performance for the remainder of FY2022. Sales growth and profitability allow us to continue to invest in growth and execute our strategy."

The performance of the North American region confirms our ability to scale while remaining profitable. This is achieved through leveraging channel partners and investing in digital marketing."

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## Operations Update – March Quarter 2022

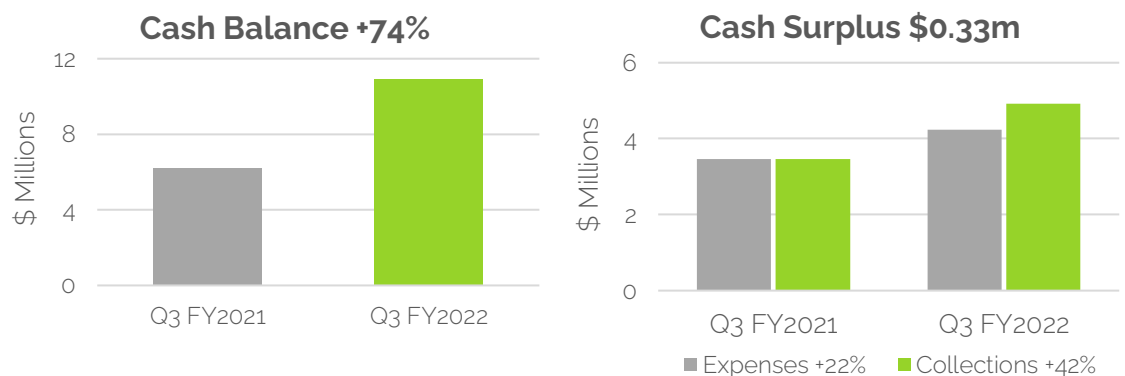
Group sales reached \$5 million during the quarter, up 26% on the previous corresponding quarter (Q3 FY21). Xref credits used during the quarter totalled \$3.7 million and, together with the Marketplace net revenue of \$0.6 million, contributed to a record quarterly revenue of \$4.3 million.



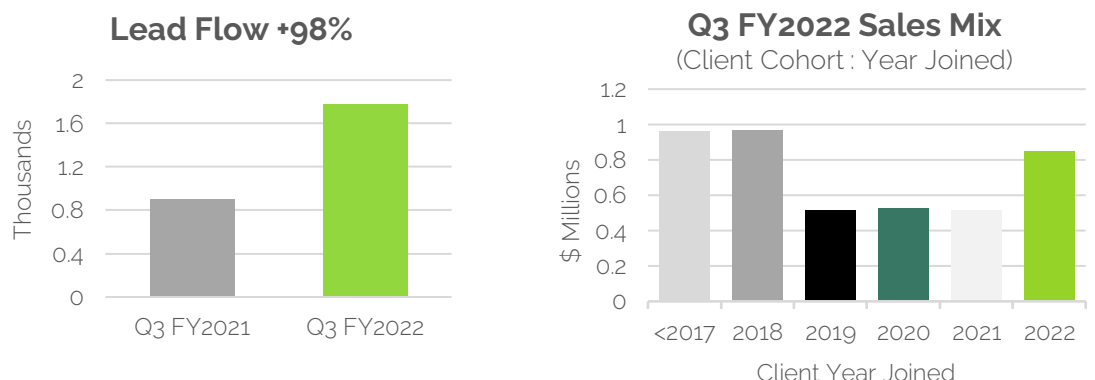
Xref credits used via integration partners, represented 34% of all credits used during the quarter and grew by 68%, to \$1.3 million, when compared to Q3 FY21.

New notable clients introduced during the quarter include: UNIQLO, Sky TV New Zealand, Allegiant Air, Air New Zealand, Paper.co, Carsales.com.au, King Living, TelstraSuper and Ampol. Further information about these new clients follows as an appendix.

Cash collections were \$5m in the quarter, up 42% on Q3 FY2021. OPEX increased 27% with the addition of further headcount and increases in wages and salaries. COGS of \$0.7m 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 \$0.33 million and cash at the bank on 31st March 2022 was \$10.9 million, up 74% on 31st March 2021.



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 50% reduction in marketing spend compared to pre-pandemic levels and a 98% increase in lead flow, with 1,800 leads captured in Q3 FY22. Clients who were newly acquired in FY22, contributed 20% of total sales, further validating the quality of customer acquisition and conversion. Xref has been successful in optimising via digital lead generation.



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**Xref Ranked 1st Globally for Reference Checking Software.**

G2 is the world's largest tech marketplace where businesses can discover, review, and manage the technology they need. G2 is considered the industry standard for comparing enterprise technology platforms, particularly within the North American market.

Xref has ranked first for reference checking software globally against 30 other contenders in G2's latest Spring 2022 report. This accolade is in addition to recently ranking in the Top 10 for Best ANZ software. As a SaaS leader, Xref consistently ranks similarly against market giants like Atlassian, Canva and Xero.

Xref also won badges as a Leader in Usability, Momentum Leader and best Mid-Market Relationship Leader, which highlights Xref's ease of doing business, quality of support and likelihood of customers to recommend to others.

**Xref Lite & Template Builder Update**

Xref Lite was launched in 2019 and delivers the core functionality and capability of the existing and globally successful Xref platform, in a self-service, single-user format. Since launch, it has generated over 1,700 leads. In the March Quarter 2022, Xref Lite acquired 58 new customers and \$20k in new credit card payments. Previously acquired Xref Lite customers represented \$0.2 million of revenue in the Quarter, up 80% when compared to the same period last year.

The Xref Template builder was launched in mid 2019 as a free online tool used to generate industry leads. Xref analysed over 100,000 questions that had generated over 17 million answers through the Xref platform. The ultimate database of reference questions was created and translated into 15 languages. In Q3 FY22, the Xref Template Builder generated 456 sales leads across 16 countries and 38% of these leads originated from the United States.

**Product Development Update**

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.

**Graduate Verification Scheme (GVS) Update**

On the 2nd of February, Xref announced that it had entered (via RapidID) an exclusive partnership with Higher Ed Services (HES) to deliver a new digital checking solution that revolutionises how businesses check university graduate qualifications.

Xref is working with HES to build API access, and this is due to complete by financial year end. Xref is actively sourcing wholesale customers in readiness and plans also to retail the checks via its own platform and network of customers.

While the dollar amount of expected revenues cannot be quantified at this time, it is expected to be material. The Company will provide further guidance when available.

**Business Update: Investor Call - 6th April**

Chief Executive Officer, Lee-Martin Seymour will host an investor call to provide a business update on Wednesday, 6th April 2022 at 11:00 am AEST. The number for Australian investors is 1800 093 431 and for international investors is +61 2 8047 9393. The conference ID is 34257711#

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

## In Focus - North American Growth

North America has an employment market of 180 million people, which represents a tremendous growth opportunity for Xref's platform.

Xref has built a solid client foundation in both Canada and the United States. One of the key factors for growth has been Xref's integrations with leading applicant tracking systems and HR tech platforms, including Checkr, SmartRecruiters, ICIMS, Bullhorn, and the Oracle Talent Acquisition Cloud.

During the third quarter FY22, Xref witnessed strong sales and revenue growth in the region. Sales reached \$0.64 million during the quarter, up 197% on the previous corresponding quarter. 65% of total sales for the quarter came from the United States which had grown 270% on the corresponding period. Xref credits used during the quarter totalled \$0.5 million up 54% on the March Quarter FY21.

Lead flow increased 300% on the corresponding quarter and accounted for 98% of the sales generated. It is important to note that all sales for the United States are conducted by the Xref team based in Toronto, Canada.

Cash expenses during the Quarter were \$0.3 million, whilst collections were \$0.7million, up 124%.

43% of the group's total cash trading surplus during the Quarter was generated by North America.

The results from North America demonstrate Xref's ability to scale in a region via digital marketing whilst remaining profitable. This further supports Xref's strategic plan to launch the new products on a self-service platform and via it's SaaS subscription model.

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## Outlook

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, Xref Marketplace will be in a good position to broaden relationships with checking vendors for more integrated checks, increasing availability for the global marketplace of checks.

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.

### Product

The staged release of the enhanced platform, including Xref Pulse Surveys and Xref Marketplace will continue throughout the remainder of FY22. These new services will dramatically increase Xref's global addressable market. This strategy is expected to grow Xref's share of the North America market via channel partners, wholesale, and self-serve subscription sales.

The newly built RapidID Webflow tool will reduce 3rd party costs and volume discounts will further reduce COGS, therefore increasing net revenues. In addition, the recently announced Graduate Verification Service offered by RapidID will add further revenue as retail and wholesale distribution grow.

### Profit

The strong finish to H1 FY22, together with the more recent rapid recovery from the Christmas period, provides confidence for a promising second half. 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 FY22 along with cash flow profitability.

### Growth

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.

Growth is expected to continue for RapidID as demand in the KYC (Know Your Customer) sector such as online banking, crypto currency and betting platforms increases. Identity services provided to other checking partners as well as the Xref platform will provide RapidID additional growth.

For further information:

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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.

## Appendix A - About Xref



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

**UNIQLO** - is a clothing apparel company, originally founded in Japan in 1949. As a subsidiary of Fast Retailing Co Ltd, Uniqlo is a global brand with over 1,000 stores worldwide and 30,000 staff. In Q3 2021, Uniqlo International reported ¥217,782 million in revenue.

**Sky TV New Zealand** - Founded in 1987, Sky TV New Zealand is a New Zealand broadcasting company that provides pay television services via satellite, media streaming services and broadband internet services. Sky TV New Zealand earned NZD\$371.7 million in revenue in the reporting period ending December 2021.

**Allegiant Air Airlines** - Allegiant Air is an American ultra-low-cost airline that operates scheduled and charter flights. Founded in 1997, it is the fourteenth-largest commercial airline in North America. At December 2021, Allegiant Air had USD\$496.9 million in total operating revenue for the 3-month period.

**Air New Zealand** - Air New Zealand Limited is the flag carrier airline of New Zealand and is based in Auckland. For the period ending 31 December 2021, total operating revenue came in at NZ\$1.1 billion.

**Paper.co** - Paper is an educational technology company that partners with schools and school districts to provide students with free, unlimited, 24/7 tutoring. The company is headquartered in Montreal, Quebec and has operations across North America.

**Carsales.com.au** - Carsales.com.au is an online marketplace, which specialises in automotive, motorcycle and marine classifieds business in Australia. The head office is located in the City of Yarra, Victoria. Founded in 1996, carsales.com.au employs 1,200 people across the world. As at December 2021, Carsales.com.au had over AUD\$241 million in revenue.

**King Living** - Founded in 1977 in Sydney, Australia King Living designs and manufactures contemporary, award-winning furniture, made to last.

**Telstra Super** - is a profit-for-members superannuation fund. Established in Melbourne, Australia in 1990 TelstraSuper is open to current and former Telstra Group employees and eligible members of their families.

**Ampol** - is an Australian petroleum company headquartered in Sydney, Australia. First incorporated in 1936, Ampol employs 8,300 people. At 31 December 2021, Ampol reported AUD\$21,629.9 million in revenue.

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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 consumed 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 recently announced First Advantage.

### Xref Marketplace

Additional Checking - Supplementary checks required by hiring managers such as Criminal, Working with Children, Work Rights, Social, 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 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).

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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