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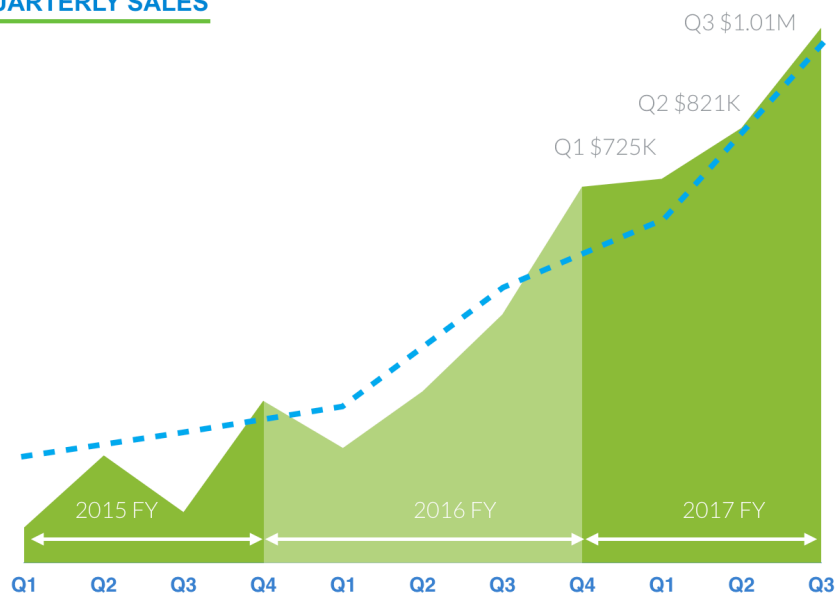
Xref hits new quarterly sales record, exceeding \$1m for the first time

- Third-quarter sales increase 115% on Q3FY16
- Europe and North America business grows and sales increase to 10% of total
- New Australian clients introduced, including Bluescope Steel, Myer, NRMA, NSW Treasury, One Steel, Perisher Blue and Telstra
- Sales, credit usage and cash receipts reach new records; cash outflow reduced

Xref Limited (ASX:XF1), the human resources technology company, today reported a new quarterly sales record for the third quarter, exceeding \$1 million for the first time. The increase in sales also represents a 115% increase when compared to the previous corresponding quarter, reflecting the organisation's continued growth, development and platform improvements.

The company's software as a service (SaaS) platform now automates the collection of feedback on potential and current employees for more than 600 clients across seven countries, including 36% of the ASX's top 50 companies. The software protects clients from fraud, discrimination and privacy breaches during the feedback collection process, helping human resources practitioners make confident, informed and data-driven hiring decisions.

QUARTERLY SALES



International expansion continues sales and revenue acceleration

Xref services clients in Australia, New Zealand, the United Kingdom and Europe, North America and Singapore, from offices in Sydney, London and Toronto.

The growth potential for Xref in international markets was further realised during this quarter, with sales in Europe and North America accounting for 10% of the total, a threefold increase from the previous quarter.

Third quarter sales (from 1 January 2017 to 31 March 2017) were \$1,010,000, up 115% from \$470,000 in the third quarter of the last financial year, and up 23% from \$821,000 in the preceding quarter. As well as highlighting strong growth, these figures also represent new sales records for the company. This quarter saw sales exceed \$1 million for the first time, and included a new monthly sales record of \$401,000, reached in March 2017. March international sales were 15% of the monthly total.

Client portfolio grows, first UK and North American renewals

Xref reported strong sales in all regions for the third quarter and introduced several, new clients in Australia, including Bluescope Steel, Cushman & Wakefield, Leidos, Mercy Health, NSW Treasury, OneSteel, Perisher Blue, Telstra, WesTrac and YMCA (further information provided below). The Xref portfolio includes enterprise companies, government, small-to-medium sized businesses, human resources agencies, not for profit groups and other organisations. The majority of income can be attributed to enterprise clients, which represented 51% of sales this quarter. Public sector spending during the third quarter increased to 16% of total sales, up from 10% in the previous quarter, due largely to the significant expansion of work for the NSW and Victoria State Governments.

Xref also achieved its first client renewals in Europe and North America, with JCB (JC Bamford), Olleco and The Salvation Army renewing their purchase of Xref credits in Europe, along with Clarity in Canada. New international clients were also introduced, including The Dorchester Collection in Europe and, in North America, Goodlife Health, Flipp, SIR Corp, Oliver & Bonacini Restaurants.

Integration increases access to new business and better serves existing clients

Xref has focused on growth through integration partnerships – increasing its channels to market with applicant tracking systems and complementary technology platforms. These channels reduce Xref's costs to acquire new business, enable it to offer existing clients a more comprehensive solution, and complement its marketing activities.

Several new integrations were completed in the quarter, including:

- Bullhorn, a provider of cloud-based customer relationship management (CRM) solutions, enabling access to Xref's platform for more than 7,000 staffing companies in 150 countries
- SmartRecruiter, a San Francisco-headquartered talent acquisition suite, with a marketplace platform within which the Xref solution has been integrated
- Workday, provider of an applicant tracking system and enterprise cloud applications around the world for financial management, human capital management (HCM), payroll, student services and analytics
- The employee verification and pre-screening arm of Equifax, formerly Veda in Australia and New Zealand and a global information solutions company.

These integrations are awaiting the first Xref clients to begin using the combined systems, and the company will provide further reports as channel partners activate clients and increase sales.

Platform improvements add value

In March 2017, Xref launched a new employee dashboard with a fully rebuilt client, candidate and referee experience. It remains simple for clients to use, and is fully API driven, facilitating connection of Xref's platform with different technologies. New features include dynamic reports on the performance of the platform, enhanced security and self-service 'customer success' capabilities. The platform has increased scalability and establishes a strong technology foundation for future product enhancements.

The Xref platform now includes multi-language capabilities, beginning with localised French language candidate references for the Canadian market - essential, in particular, for Canadian government tenders. Spanish and Swedish language services are due to be introduced soon, further extending Xref's addressable market.

Cashflow

The company's business model involves selling Xref credits, which clients consume as they make candidate reference checks on a 'credit-per-candidate' basis. After credits are consumed, Xref books the sale as revenue. Client usage in the third quarter was \$557k, up 109% from \$267k in the previous corresponding quarter. During the quarter the company collected more than \$1 million in cash, up 61% compared to Q2, and at 31 March 2017 Xref held \$5.7 million cash.

Cash outflows for the third quarter reduced to \$2.3 million from \$2.5 million in the second quarter and compared to \$2.8 million that was anticipated at the end of the previous quarter. This reflected lower than expected development and marketing costs. Fourth quarter outflows are expected to be \$2.7 million, with a levelling-off of overall expenses.

Executive director / CEO Lee-Martin Seymour said: *"We're delighted with the progress of the quarter. Most notably the significant growth in our public-sector business, as further government clients have joined the platform, as well as the 200% quarter-on-quarter growth in our northern hemisphere business. Our positioning of the company has provided a strong foundation for our expansion plans and after a very successful 2016, momentum is continuing. Xref's North American business is now growing at more than two and a half times the rate of the Australian business at a similar stage of development - far more than anticipated when we entered the market. Xref's technology is easy to use, and our newly introduced employee dashboard and multiple language capabilities add additional value for clients."*

Executive director / CTO Tim Griffiths said: *"We are focused on continuing to build revenue through channel expansion. Our integration partnerships provide a cost-effective way to bring new clients onto our platform, and support our global growth strategy. The Xref architecture is deliberately designed to enable seamless integration with other, like-minded HR solution providers. The architecture is also highly scalable and provides a sound foundation for further technology development."*

Chairman Brad Rosser said: *"This was an excellent quarter with improvements achieved against all key success metrics. Xref continues to grow at more than 100% year on year, and our strategy for global growth remains on track."*

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New clients

Australia and New Zealand

- The YMCA is made up of 24 Member Associations supporting over 741 communities. YMCA has over 12,000 staff across the country and around 4,000 volunteers. Globally, YMCA operates in 119 countries.
- Leidos is a global science and technology solutions and services leader in the defence, intelligence, homeland security, civil, and health markets. With more than 400 locations in 30 countries, the company has 32,000 employees including 900 people in Australia.
- BlueScope is a global leader in premium branded coated and painted steel products, and the third largest manufacturer of painted and coated steel products globally. It has more than 100 facilities in 17 countries, employing over 16,000 people serving thousands of customers.
- Telstra is Australia's leading telecommunications and technology company, and employs over 30,000 people in Australia and has 3,000 employees in 22 countries outside of Australia.

- Mercy Health is a Catholic organisation which employs over 7,000 people who provide hospital care, aged care, mental health programs, maternity and specialist women's health services, and other services.
- WesTrac provides machinery and construction equipment across WA, NSW, the ACT and north-east China, employing over 2,700 staff nationally.
- NSW Treasury employs over 500 analysts, economists and specialists to manage the State's finances and assets.
- Myer is Australia's largest full line department store group, with more than 60 stores. Generating total sales of over \$3.2 billion in FY2016, Myer employs 12,500 team members.
- NRMA Insurance is backed by IAG – the largest general insurer in Australia and New Zealand, which last year insured over \$2 trillion worth of assets. IAG employs over 15,000 people throughout the Asia Pacific.
- Cushman & Wakefield is an American commercial real estate services company with regional headquarters in Sydney. It has revenues of \$5 billion, operates in more than 60 countries and has 43,000 employees.
- OneSteel manufactures and supplies steel products and is part of Arrium, which employs 7,000 staff in Australia, 1,100 in North and South America and approximately 250 in Asia.
- Perisher is Australia's largest and most popular ski resort, with four mountain areas covering 1245 hectares. It employs 1,200 seasonal staff and 140 year-round employees.

North America

- Goodlife Fitness Centres Inc. is the largest health club company in Canada with over 350 locations across the country.
- Flipp digitalises and simplifies consumers' weekly shopping experience. Flipp has over 300 employees worldwide and is partnered with the largest retailers in the world, including Walmart, Target, and Macys.
- SIR Corp: Service Inspired Restaurants is a privately held Canadian corporation that owns and operates a diverse portfolio of 60 restaurants in Canada and one in the United States.
- Oliver & Bonacini is one of Canada's leading fine dining restaurant, events and catering companies, with over 1000 employees.

Europe

- The Dorchester Collection was established in 2006 to manage a portfolio of some of the world's foremost luxury hotels in Europe and the USA. The hotel group employs over 3,500 staff across 10 hotels.