



Tuesday 30th January 2018

Xref Sets New Records on Key Metrics in Q2

- Record sales, up more than 100% on previous corresponding quarter
- New cash receipts record, up 120%
- Reduced net cash outflows

Xref Limited (**ASX:XF1**), the human resources technology company, today reported a record quarter for all key metrics in Q2 FY18. Sales revenue for the quarter reached a record \$1.7 million, up 100% year-on-year from \$839,660 in Q2 FY17, with 14% of Q2 FY18 sales attributable to business in Europe and Canada. Usage of credits sold, which is recognised as revenue, for Q2 was \$933,067, up 95% from \$479,000 in the previous corresponding period.

Client growth and additional credits

During Q2 FY18 Xref added 91 new clients including major Australian brands WSP Australia, Bank of Queensland, and Monash Health. A further 116 existing clients purchased additional credits in Q2, including DFP Recruitment Agency, Department of Justice, Mercy Health, Lion Co., and Chelsea Football Club.

Expedited sales cycle

A new sales process has greatly reduced the average time taken to bring new clients on to Xref's platform. It combines traditional demonstration, proposal, agreement and invoice processes into a single client experience, significantly expediting the sales cycle. In Q2 FY17 the Company secured 49 new accounts with an average sales cycle of 86 days per agreement. In contrast to this, in Q2 FY18, it secured 91 new client accounts with an average sales cycle of 39 days per agreement. Reducing the sales cycle time by 55% significantly decreases Xref's cost of sale and allows the Company to scale globally at a much faster rate.

Cash receipts

Debtor collections for the quarter were another record achievement, reaching \$1.62 million (including taxes; \$1.47 million excluding taxes), and exceeding the previous record in Q1 FY18 of \$1.48 million (including taxes; \$1.33 million excluding taxes). This demonstrates the value of creating of a dedicated role within the finance team focused on reducing collection periods and improving cash inflows.

During the quarter, Xref also received \$1.39 million as a refundable research and development tax offset from the Australian Taxation Office (ATO). Xref continues to investigate opportunities to apply for offsets in the regions in which it operates.

Operating cash flow

Q2 FY18 saw a return to a more normal level of quarterly outflows following those reported in Q1 FY18, which included an additional payroll period. While estimated outflows reported in the Appendix 4C released in October 2017 were \$3.2 million, actual outflows for Q2 were \$3.1 million.

This included the purchase of plant and equipment. The improvement was due in part to an increased focus on fixed and variable expenses, in addition to the timing of the payment of expenses.

Estimated cash outflows for Q3 FY18 are \$3.41 million, less than the average of Q1 and Q2, demonstrating the Company's continued focus on controlling its use of available funding.

Further financial details will be provided when the Company reports its half-year results in mid-February 2018.

Executive director / CEO Lee-Martin Seymour said: *"The first two quarters of the financial year are traditionally slower for any business supplying the human resources industry, due to seasonal delays in hiring and budget approvals. Achieving record levels on all critical metrics is a positive indicator for the balance of FY18. We have already seen unprecedented activity during the holiday season and are optimistic about an equally positive Q3."*

Executive director / CTO Tim Griffiths said: *"Given our position as a business-critical platform for enterprises globally, establishing an efficient sales cycle was essential for ongoing growth. Our investment in the new sales platform has already reduced our sales cycle by 55% and will save thousands of work-days as we embark on what is sure to be an amazing year for sales in 2018."*

Non-executive chairman Brad Rosser said: *"A magnified focus on expenses is key while we continue to increase sales. Balancing resources and productivity is a core theme for Xref this year, during a high-growth phase. The company has an exceptional management team, with a clear picture of what the future looks like. This quarter is another example of continued focus in all the right places."*

Xref's software as a service (SaaS) platform collects 60% more data five times faster than traditional methods and, by automating a vital task, protects companies from fraud, discrimination and privacy breaches. It is used by more than 600 clients across 7 countries.

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New Client Details

WSP Australia - WSP | Parsons Brinckerhoff is one of the world's leading professional services firms. It has approximately 36,700 employees, comprising engineers, technicians, scientists, architects, planners, surveyors, and other design professionals, as well as various environmental experts. Staff are based in more than 300 offices, across 30 countries, on five continents.

Bank of Queensland (BOQ) - BOQ is one of Australia's leading regional banks and one of the top 100 Australian companies by market capitalisation on the ASX. It has been operating since 1874 and has more than 190 branches across Australia.

Monash Health - Monash Health is Victoria's largest public health service, providing healthcare to one quarter of Melbourne's population. It has more than 16,000 staff that work at over 40 care locations across South East Melbourne.