

Wednesday 18th July 2018

\$2.6m quarterly sales record tops out the financial year for Xref

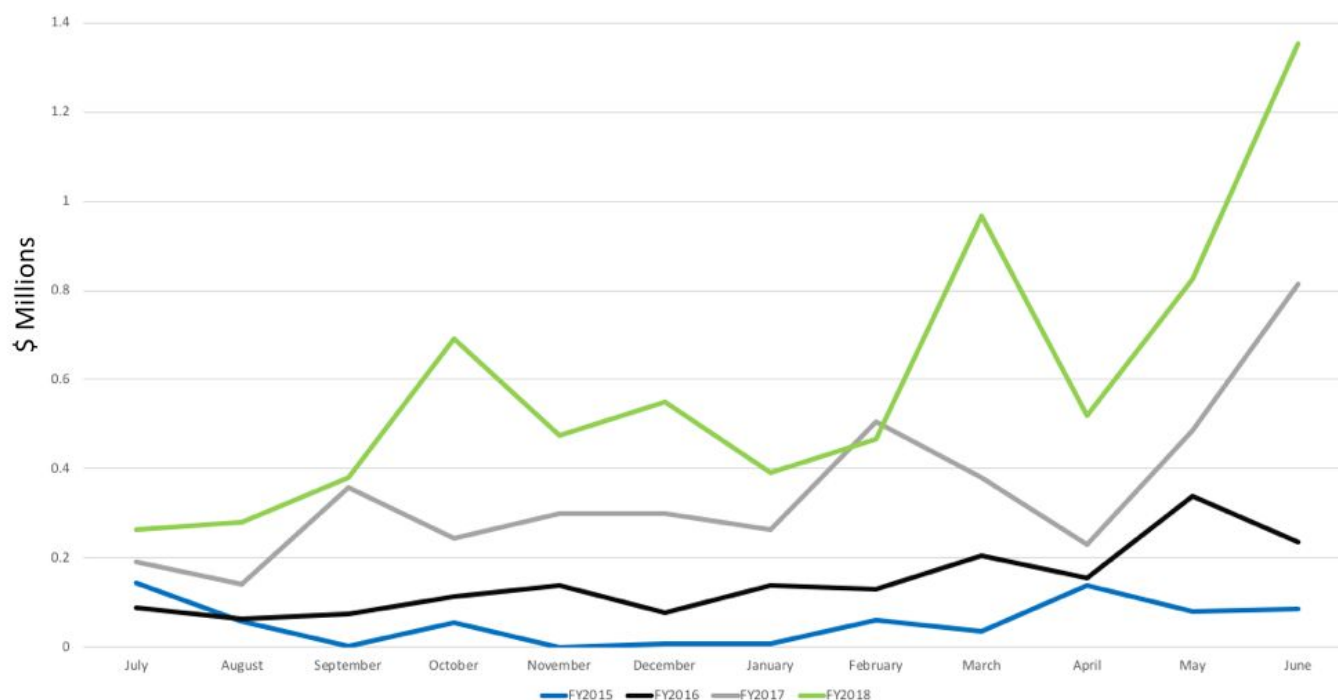
- Record credit sales of \$2.6 million in Q4, up 68% on Q4 FY17
- Record cash receipts of \$1.84 million in Q4, a fourth consecutive quarterly record
- Record credit usage for Q4 of \$1.4 million, up 96% on Q4 FY17
- Record client acquisition of 110 new organisations worldwide

Xref Limited (**ASX:XF1**), the human resources technology company, today reports its 9th quarterly sales record since listing on the ASX in February 2016. Credit sales for the quarter reached a record \$2.6 million, up 68% on the previous corresponding quarter. Usage of credits sold, which is recognised as revenue, reached \$1.4 million, up 96% compared to \$0.7 million in Q4 FY17. Credit sales for the full FY18 (unaudited) were \$7.1million, an increase of 72.4% compared to credit sales for FY17.

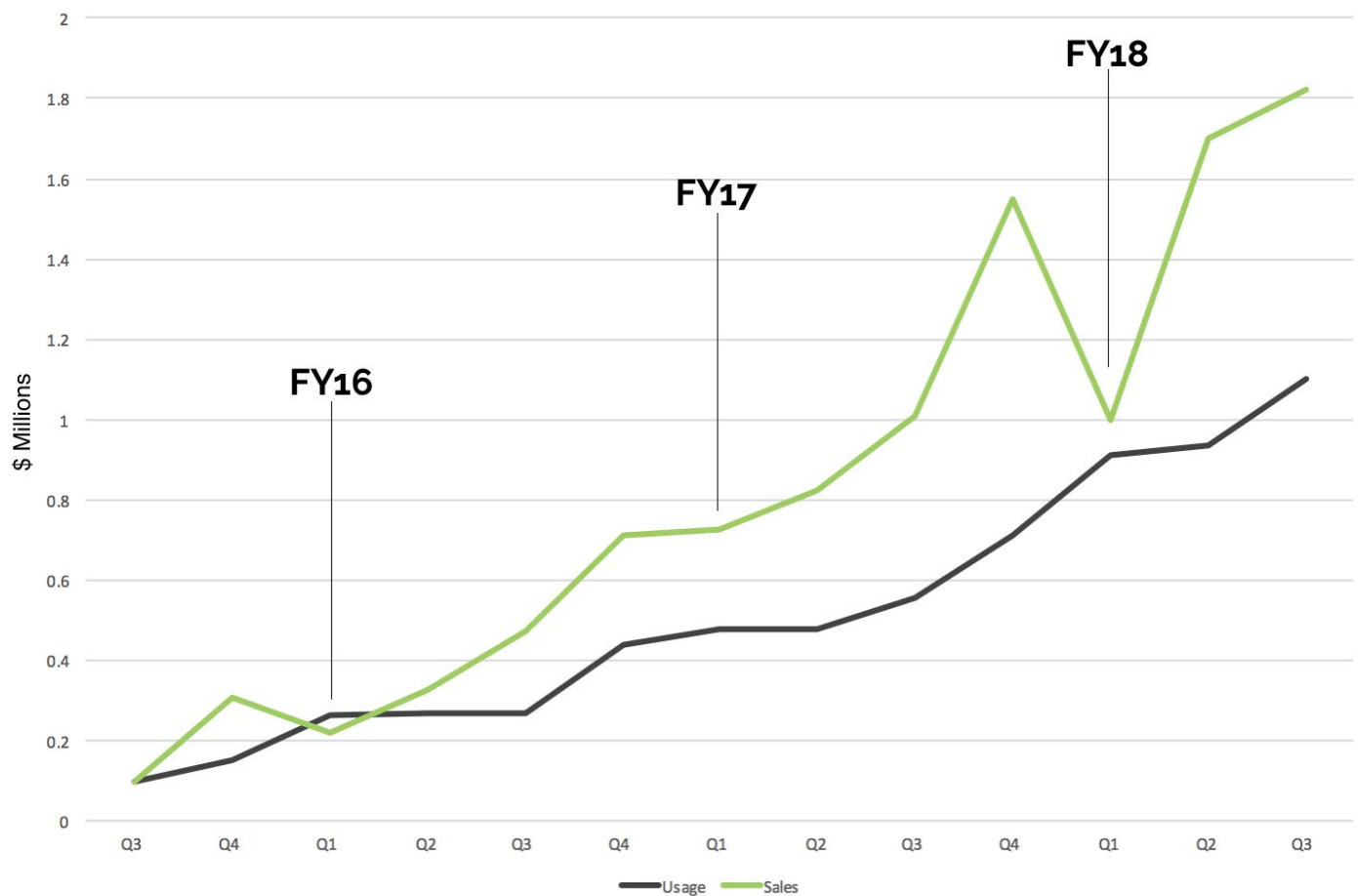
In Q4 FY18 61% of total credit sales came from new clients, with the remaining 39% generated from account top-ups made by existing clients. Australian credit sales constituted 89% of the total, while the remaining 11% came from international markets, including 5% from sales to North American organisations.

Key performance metrics for the month of June 2018 all exceeded the previous corresponding period. Credit sales reached \$1.3 million, up 63% on June 2017. Credit usage hit \$0.5 million, up 117%, and cash receipts were \$0.945 million, up 281%.

Sales revenue FY15-FY18



Credit sales and credit usage



Business model

Under Xref's business model, when clients purchase credits (credit sales) to use the candidate referencing platform, the value of their purchase 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).

Client acquisition continues to increase

Xref directly acquired 110 new clients in Q4, including 72 in Australia and New Zealand, 18 in North America and 20 in Europe. About 780 organisations now use Xref's platform directly, as well as an increasing number of organisations that access Xref through recruitment process outsourcing organisations and integration partners.

The new clients include, in Australia and New Zealand, John Holland Group, QFES (Queensland Fire and Emergency Services) and the NZ Transport Agency; in North America, PeopletoGo, YMCA the Rockies and Care Partners; and in Europe, Nottinghamshire Council, The Norwegian Refugee Council and The British School in The Netherlands. More information about these companies has been included as an Appendix to this announcement.

Client acquisition growth



*Excludes non-direct clients using Xref via RPOs and Channel Partners

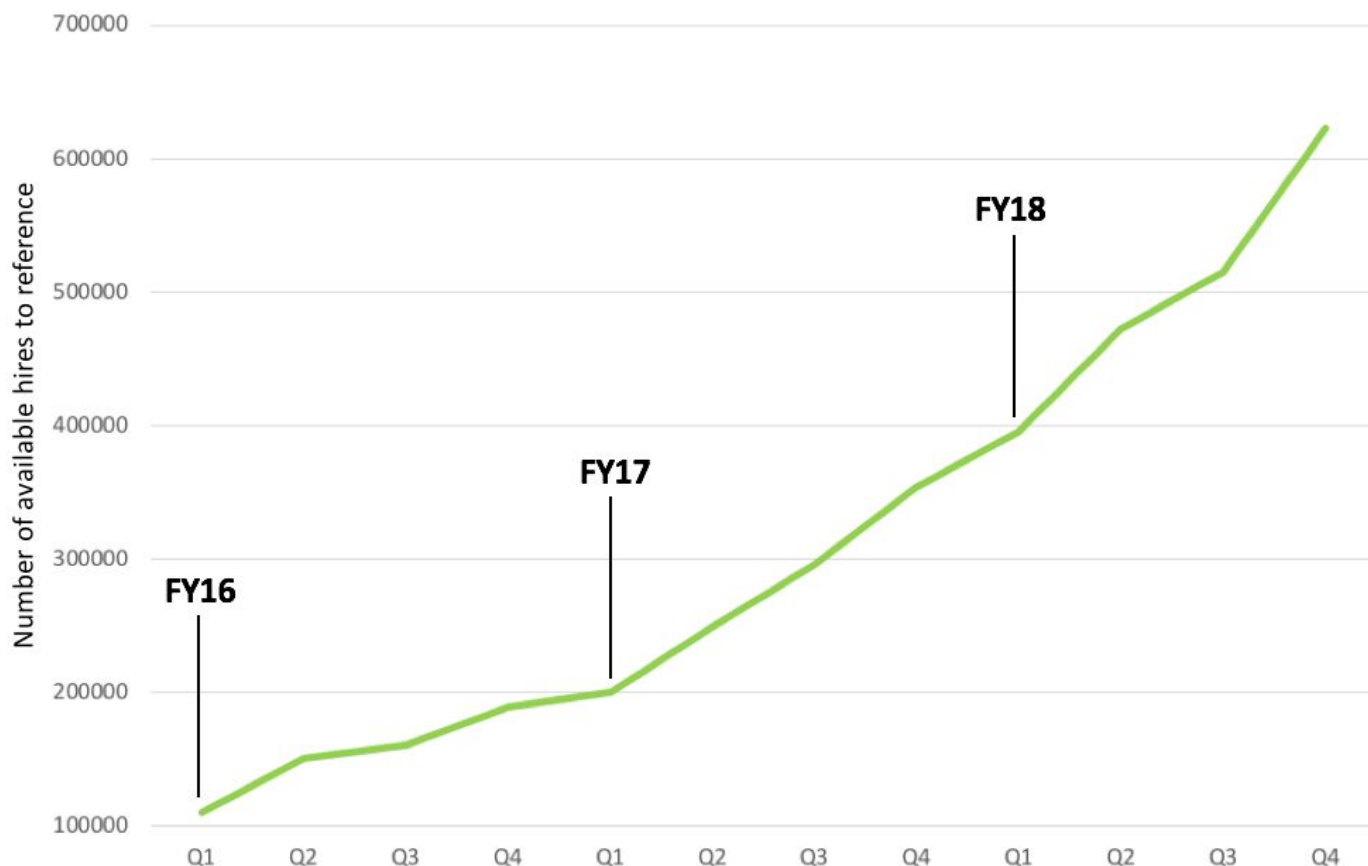
Large addressable market

Xref provides the first automated solution for the candidate referencing process, and is capitalising on its first-mover opportunity by investing in international growth. Xref's global 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.

Latent revenue opportunities as clients accelerate use of Xref's platform

The 110 new clients acquired during Q4 are estimated to recruit a combined total of approximately 110,000 employees per year. Of these new hires 85% will be made in Australian and New Zealand, and 15% will be hired in North America and Europe. Xref's client base now collectively hires approximately 620,000 employees per year.

Number of available hires to reference



Faster adoption by new clients

On average, client adoption by new Xref clients has historically been approximately 25% of total annual hires in the first year, rising to around 95% by the fourth year. Initial adoption rates across new clients acquired in Q4, however, reached 39%, demonstrating the increased effectiveness of the company's sales process, which has improved with the targeting of high-value sectors.

Growing Average Revenue Per Account (ARPA)

Increased adoption, product driven price rises and a focus on enterprise clients has led to an increase in the Average Revenue Per Account (ARPA). In FY18, clients within their first 12 months of using Xref contributed an ARPA of \$8,414, while those that had been an Xref client for more than 12 months contributed an ARPA of \$18,544. This demonstrates Xref's ability to 'Land and Expand', an expression referring to the typical increase in client adoption over time. Overall, average sales revenue from all clients during FY18 was \$12,048, up 22% since Q3FY18.

Channel sales increase

Channel growth continued with recent integrations including recruitment software provider JobAdder and, in July, the company's first integration using its newly created public API. Xref's channel partners support thousands of organisations worldwide, providing a conduit for Xref to rapidly increase sales cost-effectively.

Credits used through integrations in Q4 represented 20% of total usage, up from 6% in Q2. This reflects the impact of the growing number of organisations using Xref through integrations, which has increased from 54 during Q2 to 126 during Q4.

Expenditure and outlook

While revenue has increased substantially, Xref maintained tight cost control with expenses for Q4 FY18 of \$3.52 million, in line with the previous quarter and management expectations.

Xref maintains a positive growth trajectory and anticipates continued revenue growth in FY19.

Executive director / CEO Lee-Martin Seymour said: *“This quarter was our strongest to date, with significant client growth and client and partner adoption of our platform driving a substantial increase in ARPA, which demonstrates our progress. We are delighted that our clients and partners continue to achieve powerful results through Xref’s platform.”*

Executive director / CTO Tim Griffiths said: *“We remain focused on improving and evolving the Xref platform to offer value to clients. Our channel continued to grow with new partners introduced. Clients accessing Xref’s platform through recruitment organisations and other partners has more than doubled in just six months. We are currently progressing development of People Search, a new ‘passive candidate’ search feature which offers a new, streamlined way for companies to identify talent.”*

Chairman / Brad Rosser said: *“The team’s focus on delivering on all key metrics, with significant growth in ARPA, increased client acquisition and tight spending controls, have contributed to strong growth and a successful quarter. The momentum of Xref’s growth is reflected in the fact that revenue for the last week of FY18 was about equal to revenue for the entire year of FY15, before the company’s ASX listing.”*

The Company’s fully automated platform offers human resources and recruitment professionals a significantly more efficient and effective method for collecting references, when compared to traditional telephone-based reference checking. It reduces the time and resources required, and protects users from the threats of candidate fraud, security breaches and discrimination risks.

Investor and media enquiries:

Ashley Rambukwella, FCR

Tel: +61 (0)2 8264 1004 / +61 (0)407 231 282

a.rambukwella@fcr.com.au

Appendix – New clients

Australia

John Holland Group - is one of Australia's leading engineering contractors that delivers innovative construction projects and diverse service solutions to the world.

Queensland Fire and Emergency Services (QFES) - is the primary provider of fire and emergency services in Queensland. QFES looks after approximately 36,000 Rural Fire Service volunteers, 6,000 State Emergency Service volunteers, approximately 2,200 permanent firefighters and more than 2,000 auxiliary firefighters.

NZ Transport Agency - is a New Zealand Crown entity tasked with promoting safe and functional transport by land, including the responsibility for driver and vehicle licensing, investigating rail accidents and administering the New Zealand state highway network. The group employs approximately 1,400 staff.

North America

Peopletogo - is a leader in technology staffing and Managed IT Services. Based in Ontario, Canada, they put highly trained professional personnel, with the right skills and experience, in the right place at the right time.

YMCA the Rockies - one of the “YMCA of the Rockies” two facilities, Estes Park Center offers a variety of affordable accommodations and recreational activities.

CarePartners - provides personal support workers, rehabilitation services and nursing care for patients in homes, schools, retirement homes, clinics, and workplaces.

Europe

Nottinghamshire County Council - is the upper-tier local authority for the non-metropolitan county of Nottinghamshire in England. The County Council directly employs over 7,500 personnel within the community.

Norwegian Refugee Council - The Norwegian Refugee Council is an independent humanitarian organisation, which protects the rights of people affected by displacement. They work in crises in 31 countries, where they help to save lives and rebuild futures. With over 1,000 experts and 14,000 humanitarians working with them, they can deploy help at a moment's notice to support the UN and local authorities.

The British School in The Netherlands - For more than 80 years, the British School in The Netherlands has been located in The Hague, in the heart of The Netherlands. They are now one of the largest and most successful international schools in Europe. With over 600 staff recruited from over 40 different countries and teaching over 2,300 students from at least 80 countries.

XREF

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Xref Limited

ACN

122 404 666

Quarter ended ("current quarter")

30 June 18

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	1,840	6,233
1.2 Payments for		
(a) research and development	(13)	(324)
(b) product manufacturing and operating costs	(83)	(422)
(c) advertising and marketing	(347)	(1,605)
(d) leased assets	(191)	(796)
(e) staff costs	(2,397)	(9,438)
(f) administration and corporate costs	(487)	(2,201)
1.3 Dividends received		
1.4 Interest received	30	126
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	1,385
1.8 Other (provide details if material)		
- GST on sales for the period	193	649
- Net foreign exchange gain	(55)	(29)
1.9 Net cash from / (used in) operating activities	(1,510)	(6,422)
2 Cash flows from investing activities		
2.1 Payments to acquire		
(a) property, plant and equipment	(11)	(198)
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	(11)	(11)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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) -	-	-
2.6 Net cash from / (used in) investing activities	(22)	(209)

	Current quarter \$A'000	Year to date (12 months) \$A'000
3 Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	7,500
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(484)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	7,016

	Current quarter \$A'000	Year to date (12 months) \$A'000
4 Net increase (decrease) in cash and cash equivalents for the period held		
4.1 Cash and cash equivalents at beginning of quarter /year to date	5,892	4,111
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,510)	(6,422)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(22)	(209)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	7,016
4.5 Effect of movement in exchange rates on cash held	85	(51)
4.6 Cash and cash equivalents at end of quarter	4,445	4,445

	Current quarter \$A'000	Previous quarter \$A'000
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		
5.1 Bank balances	4,374	5,821
5.2 Call deposits	71	71
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)	4,445	5,892

	Current quarter \$A'000
6 Payments to directors of the entity and associates of the directors	
6.1 Aggregate amount of payments to these parties included in item 1.2	243
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7	Payments to related entities of the entity and associates of the related entities	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	97
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in 7.1 and 7.2	

8	Financing facilities available Add notes as necessary for an understanding of the position.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

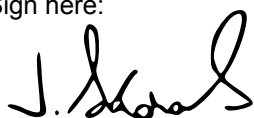
9	Estimated cash outflows for next quarter	\$A'000
9.1	Research and Development	20
9.2	Product manufacturing and operating costs	60
9.3	Advertising and marketing	300
9.4	Leased assets	190
9.5	Staff costs	2,920
9.6	Administration and corporate costs	770
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	4,260

10	Acquisitions and disposals of business entities (items 2.1(b) and 2.2 (b) above)	Acquisitions	Disposals
10.1	Name of entity	n/a	n/a
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name **James Solomons, CFO**

Date: **17 July 2018**