

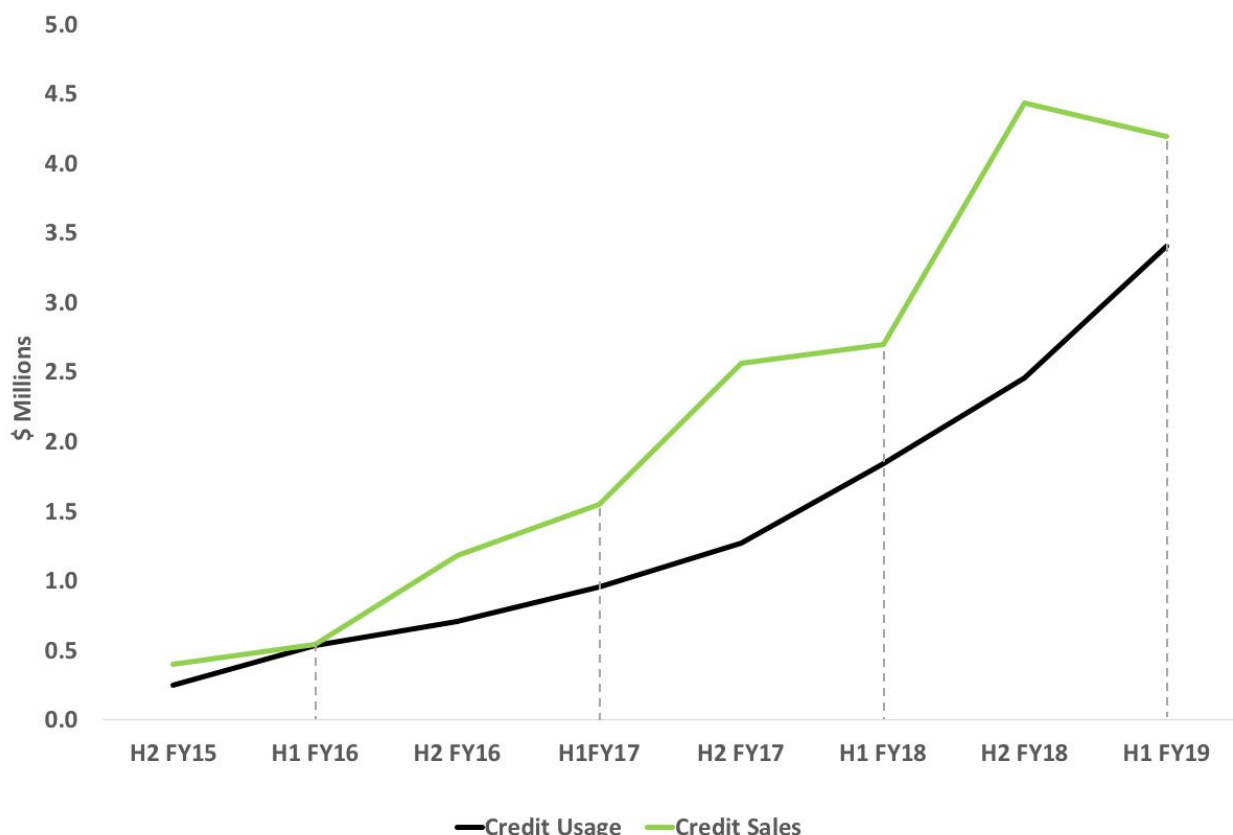
Wednesday 30th January 2019

Strong Revenue Growth, Landmark Client Acquisitions & Improved Cash Flow

- 88% increase in Xref credits used year-on-year in H1 FY19
- North American team expands as revenue hits a record high
- Cash flow for H1 FY19 improved by 34% compared to H1 FY18

Xref Limited (ASX:XF1), the human resources technology company, today reported its most successful first half year to date. Unaudited results for H1 FY19 show credit sales reached \$4.2 million, up 59% from \$2.6 million in H1 FY18; and credit usage reached \$3.4 million, up 88% from \$1.8 million in H1 FY18. Cash receipts totalled \$4.8 million, a 71% increase on the \$2.8 million achieved during the previous corresponding half.

Xref's strong growth trajectory continued throughout H1 FY19. Due to seasonal fluctuations, Xref's first-half sales growth is traditionally lower than sales growth in the second half.



Client Acquisition Growth

Xref added 211 new clients during H1 FY19. 108 of these were added in Q2 and included New Zealand Inland Revenue, Allianz and EY in Australia, New York-based Compass Real Estate, Idaho-based Albertsons Retail, Sopra Steria in the UK and Sweco in Norway. Numbers of direct and active clients grew to over 980 whilst overall retention rates remained at 94%. Further information about these companies follows as an appendix to this announcement.

Growing Average Revenue Per Account (ARPA)

Overall, average sales revenue from clients invoiced during H2 FY18 and H1 FY19 was \$12,544, up 32% since Average Revenue Per Account (ARPA) was first introduced as a metric for the Company in January 2018. This demonstrates Xref's ability to 'Land and Expand', an expression referring to the typical increase in client adoption over time.

Channel sales and usage increase

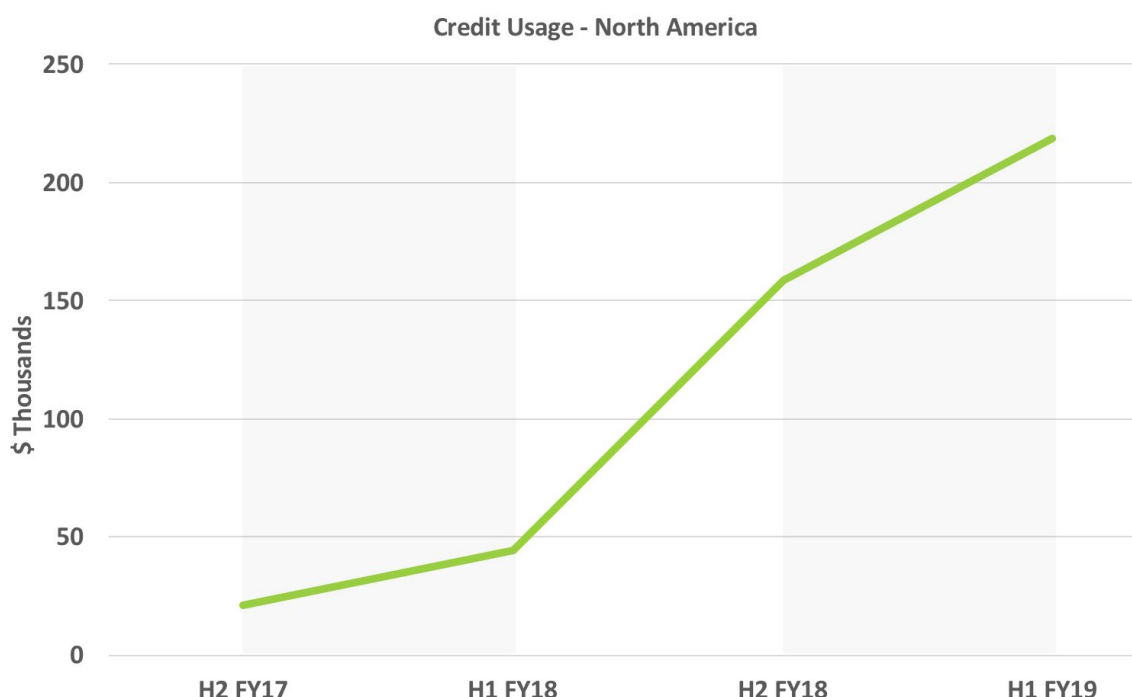
Sales of credits to clients through platform integrations reached \$750,000 during H1 FY19 and represented 18% the overall result. Credit usage by these channel customers was \$600,000, representing a 300% increase on H1 FY18. The number of companies using Xref through an integration increased to 164 in Q2 FY19 from 136 in Q1 FY19.

Investment in Sales and Customer Success

Recognising the group's strong sales pipeline, Xref has bolstered the number of sales, customer success and account managers servicing clients and now employs 76 staff globally. The majority of this new recruitment occurred during Q2 FY19. The Group reported more than 400 sales meetings during Q2 FY19 as the number of opportunities continued to expand.

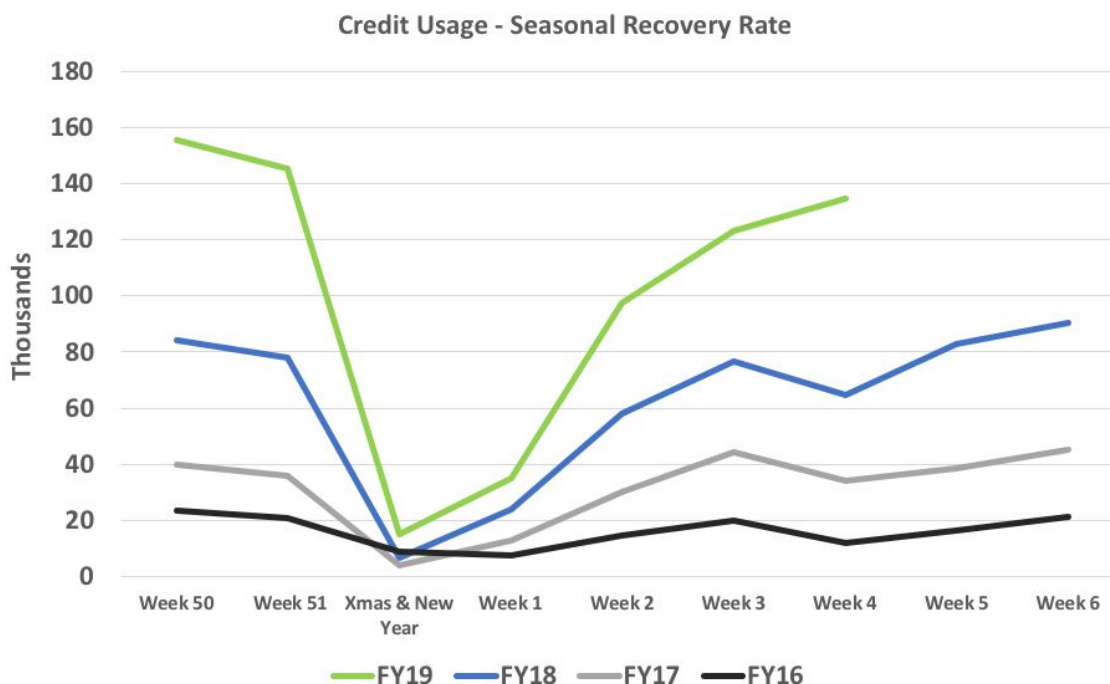
North American Growth

Following the appointment of former Apple Canada managing director, Derek Smith, as GM of Xref North America in January 2018, the Group has identified significant regional opportunities. Xref has strengthened its North American team, relocating Marketing Director Laura Johnson from Australia and Regional Sales Manager James Lord from Xref UK to help secure clients across Canada and the United States. Xref has doubled the size of its team in North America to 10, including a Regional Sales Manager in Vancouver. As a result, credit usage has grown by 300% from \$44,000 in H1 FY18 to \$219,000 in H1 FY19.



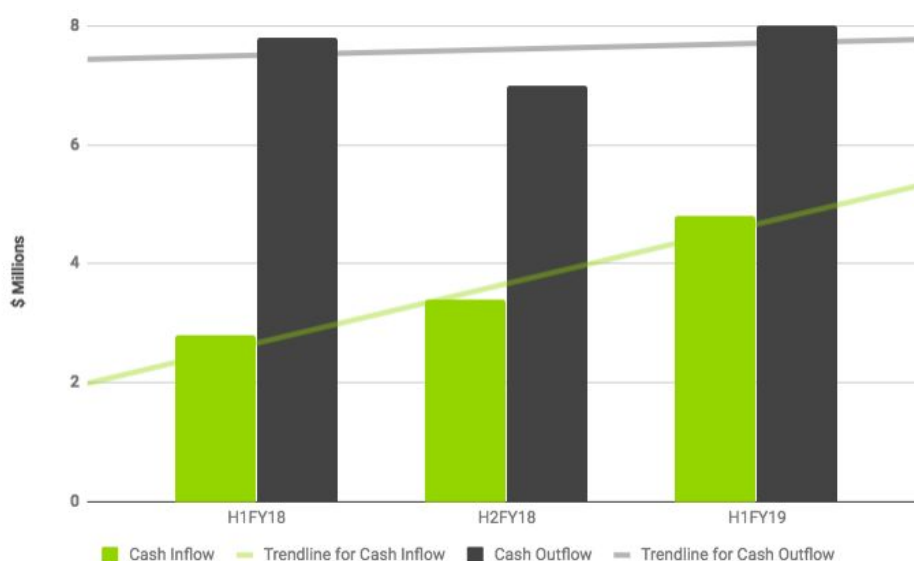
Christmas Period Recovery Rate

Xref monitors hiring recovery rates and hiring trends to predict the resilience of the industry and forecast activity. Australian clients usually take six weeks to return to peak credit usage levels due to the impact of the Australia Day holiday at the end of January. However, by week four of 2019 credit usage had already achieved 85% recovery, representing a very promising start to the year in Australia. In the Northern Hemisphere Christmas and New Year holidays are shorter and, over time, the Group expects its geographic expansion will result in less seasonality in overall usage.



Cash Flow

As the business increases sales at a significantly higher rate than overall expenditure, operating leverage continues to improve. The group's ratio of cash inflows as a proportion of expenditure has continued to grow and, during H1 FY19, increased to 60%, up from 35% in H1 FY18.



Cash Outflow trend

Cash Outflows for Q2 were \$3.77 million, in line with Management's expectations and the estimate from the September 2018 Appendix 4C. Estimated Cash Outflows for Q3 are \$3.98 million and Cash Inflows are expected to continue to grow during the remainder of FY19.

Cash on hand at the end of December was \$11.11 million and the Company remains debt-free.

Executive director / CEO Lee-Martin Seymour said: *“The first half of the financial year is traditionally seasonally slow for our clients in the human resources sector. We are encouraged by the strong sales opportunities that we have in all markets and are well prepared for dynamic growth in the second half. Considerable work has been done to ensure the teams, product, pipeline, marketing plans and calendar of events position us to leverage our opportunity.”*

Executive director / CTO Tim Griffiths said: *“Our highly skilled dev team and flexible product architecture enable us to implement the changes we need when we need them. In the last quarter, we have seen updates to our core product, security measures and regional offerings that will continue to support our growth into regions that present significant growth opportunities for us, including northern Europe and America.”*

Chairman / Brad Rosser said: *“What is critical to the success of Xref is the focus on key business metrics. The leadership team has successfully ensured that the whole business understands not only what metrics matter but how they relate to each other, in an effort to drive growth and profitability, and their focus and efforts will continue to underpin our success.”*

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Key points about Xref

First mover advantage	Xref provided the first automated solution for the candidate referencing process and it is capitalising on its first-mover advantage by focusing on and investing for international growth.
Business model	Under Xref's business model, when clients purchase credits (credit sales) to use the candidate referencing platform, the value of their purchases 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).
Global addressable market	Xref's 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.

Appendix – New clients

New Zealand

New Zealand Inland Revenue - New Zealand Inland Revenue is the public service department of New Zealand charged with advising the government on tax policy, collecting and disbursing payments for social support programmes, and collecting tax. It has more than 5,780 employees across New Zealand.

Australia

Allianz - Allianz Australia delivers a wide range of personal, commercial and corporate insurance products and services to more than three million policyholders. The company has more than 1,790 employees in Australia and more than 140,553 people work within Allianz Group worldwide.

EY - EY is one of the largest professional services firms in the world and one of the "Big Four" accounting firms. It has 250,000 employees in over 700 offices across 150 countries.

United States

Compass Real Estate - Compass Real Estate is building the first modern real estate platform, pairing the industry's top talent with technology to make the search and sell experience intelligent and seamless. The company operates in 19 U.S. markets including New York, Boston, Washington D.C., Dallas, South Florida, San Francisco, Chicago, Los Angeles, Aspen, The Hamptons, Santa Barbara and Newport Beach.

Albertsons Retail - Albertsons Companies LLC is an American grocery company founded and headquartered in Boise, Idaho. With more than 2,200 stores and more than 250,000 employees, the company is the second-largest supermarket chain in North America.

United Kingdom

Sopra Steria - Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of offerings on the market, spanning consulting, systems integration, industry-specific solutions, infrastructure management and business process services. The company has more than 42,000 employees across 20 countries.

Norway

Sweco - Sweco plans and designs the communities and cities of the future. It is a European engineering consultancy company, active in the fields of construction, architecture, and environmental engineering. With 15,000 employees in Northern Europe, it offers customers the right expertise for every project in 70 countries throughout the world.