



20 July 2016

Sales up 132% quarter-on-quarter

- Significant client renewals from existing clients, including AMP, Hays, Mission Australia and Qantas
 - New clients include Crown Melbourne, Dentsu Aegis Network, HCF

Xref Limited (ASX:XF1), the human resources technology company which automates the candidate reference process for employers, today reports that sales for the second quarter of 2016 increased by 51% compared to the prior quarter. Sales for the quarter were 132% above the previous corresponding quarter, including a new record month in May 2016.

Xref's technology is the candidate referencing platform of choice for 30% of the ASX's top 50 companies and, at 30 June 2016, more than 390 companies used Xref's services. The simple-to-use, secure, cloud-based system is now available in Australia and New Zealand, the United Kingdom, North America and Singapore. It automates the process for obtaining and checking candidates' references, helping compliance with privacy regulation, reducing fraud and enabling employers to obtain detailed references anonymously and directly.

During the June 2016 quarter Xref secured new clients, including Australian Unity, Caltex, Crown Melbourne, Dentsu Aegis Network, DFP Recruitment Agency, the Gold Coast 2018 Commonwealth Games Corporation, HCF, Inghams Australia and New Zealand, and Lend Lease Bouygues. The company also secured significant renewals – some more than doubling earlier volumes – from existing clients, including AECOM, AMP, Aurizon, Hays Specialist Recruitment, Fletcher Building, Justice New South Wales, Mission Australia and Qantas. The company also secured its first UK-based clients during this period.

At 30 June 2016, enterprise sector clients made up 48% of Xref's business, and Government clients represented 13%. The business sectors that most increased their use of Xref credits during the June 2016 quarter were the financial services, retail and consumer, recruitment and transport and logistics sectors. Xref's business model involves selling Xref credits, which clients consume as they make candidate reference checks on a 'credit-per-candidate' basis.

Integration with human resources technology systems

Several Xref clients, including Qantas and Westpac, are now using Xref in combination with the Oracle Taleo applicant tracking system, which is an online, enterprise-based, human resources technology system used to manage staff recruitment internationally. This capability has opened up a new sales pipeline for Xref, leading to increased use of its platform.

Xref currently has eight integration projects underway for applicant tracking systems, market partners and industry peer partners. Market partners represent complimentary technologies across the human resources recruitment life-cycle and industry peer partners provide specific solutions for human resources recruitment. These all represent channels through which Xref can participate

in, and contribute to, human resource management, increasing its addressable market. The Oracle Taleo Cloud Service alone supports the recruitment for 6,000 of the world's largest companies. Xref's system has a 98% success rate – far higher than traditional phone or email reference gathering – and provides 60% more data.

International expansion

Following the March 2016 London HR Tech World Congress, Xref has a strong sales pipeline and has secured UK clients. Xref also exhibited at the Recruiter Conference attended by 300 human resources directors and the HR excellence awards attended by 500 human resources directors in the June 2016 quarter. Xref's London-based EMEA team of four staff is led by Ed Allnutt, who has 15 years' specialist recruitment industry experience. He joined Xref from one of the world's leading recruitment companies where he was the director responsible for the oil and gas division, and IT recruitment into financial markets.

Several enterprise companies are currently trialling Xref's system in the UK. According to the Office for National Statistics, the UK population is 64.1 million and the size of its labour market is approximately 31.6 million people, including 23.1 million full-time positions and 8.4 million part-time positions. This represents a significant sales opportunity for Xref.

Xref opened an office in Toronto, Canada in May 2016 to enter the North American market. The Canadian population is 29.5 million and its labour market represents approximately 18 million positions. The United States market has a population of 324 million, with approximately 144.2 million jobs, according to the CES survey of employers. Xref employs two staff in Toronto and trials are underway with potential enterprise clients.

In Australia, Xref presented in Sydney at the ATC Conference for 350 human resources leaders and the Recruitment Industry Awards for 250 recruitment leaders. As at 30 June 2016 the company employed 29 staff in Australia, the UK and North America.

Record sales and revenue

The company's sales from 1 April to 30 June 2016 were \$710,000, up 51% from \$470,000 in the previous quarter and up 132% from \$306,000 in the previous corresponding quarter. This included sales of \$325,000 in May 2016, a new monthly record for the company. Currently, the average sales per client are \$8,000, which is increasing.

Clients purchase Xref credits for A\$49.99 (or the international equivalent) and, once used, the credits are reported as revenue. Client usage has increased, reflecting greater demand for Xref's services, and revenue for the quarter ending 30 June 2016 was \$437,000, up 64% from \$266,000 in the previous quarter and up 186% from \$152,000 in the previous corresponding quarter.

Research and development

Following the launch of its new online platform, Xref has expedited its development and integration with applicant tracking systems and other technologies, and at 30 June 2016 employed nine development staff. Further strengthening of the company's technology platform has included developing applications to improve the candidate journey and experience at all stages of the HR recruitment process for pre-screening, recruitment, candidate on-boarding, and review and off-board processes. Leveraging data accumulated over the past five years, Xref has also improved its predictive analytics which enable human resource directors to make data-driven decisions. The company is also developing products tailored for the UK market.

Executive director / CTO Tim Griffiths said: *"We are making significant progress to extend the capability of the Xref platform, including adding new clients in the UK and trials in Canada. We believe the future of human resources technology is in open platforms, which integrate with market places, applications and applicant tracking systems. Our successful integration with the world's largest applicant tracking system, Oracle Taleo, is one example of how Xref is broadening its technology platform to assist customers. By integrating technology from leading peers, we help clients to improve the candidate experience during recruitment. This extends the value of Xref's services and helps embed Xref in companies' recruitment processes."*

Executive director / CEO Lee-Martin Seymour said: *"Our growth rate continues to exceed 100% year-on-year. Xref has made considerable progress through increasing technology and sales resources to drive customer growth while carefully allocating resources. This has broadened our potential market. Xref has delivered on the goals it set at the time of its ASX listing to develop products, integrate with major software platforms and expand globally, and we now serve customers in three continents. We have a dynamic growth trajectory and are expanding to meet our strong pipeline of opportunities."*

Corporate

At 30 June 2016 Xref held \$2.4 million cash. The company continues to invest in its global expansion programme, its staff and the development of the Xref platform to expedite sales growth. Xref received an R&D offset grant of \$173,000 during the June 2016 quarter for the year ended 30 June 2015. The company will be lodging a claim for the refundable R&D offset again for the year ended 30 June 2016. Xref received a small benefit from favourable foreign exchange movements in the June 2016 quarter.

Shareholders endorsed moving the company's domicile from New Zealand to Australia on 27 May 2016. Xref is progressively divesting the mining assets owned as part of the prior activities of King Solomon Mines Limited.

Investor and media enquiries:

Ashley Rambukwella, FCR

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

a.rambukwella@fcr.com.au