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Sales for first quarter increase 230% on Q1FY16

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- New European clients include JCB, Olleco, Sue Ryder, The Salvation Army and Hammer & Hanborg

Xref Limited (ASX:XF1), the human resources technology company, today announced that sales for the first quarter of FY2017 were up 230% compared to the previous corresponding quarter. Sales included North American purchases for the first time, and included a new record month in September 2016.

Xref's cloud-based platform is the candidate referencing platform of choice for 30% of the ASX's top 50 companies. Its fast-growing customer base includes enterprise companies, government, small- to medium-sized businesses, human resources agencies, not-for-profit groups and other organisations. They use Xref's easy to use, automated mobile-friendly system to manage the candidate journey more effectively from 'hire to retire'.

Global client growth

In Australia and New Zealand, new clients acquired during the September quarter included Auckland Airport, Auckland Transport, CSR, Fitness First, KPMG and Zurich Financial Services. Among the company's significant renewals were Bank of New Zealand, Hudson, Krispy Kreme, Michael Hill International, News Corporation and Rooty Hill RSL. More information about new clients is included later in this release.

Xref supports the Europe, Middle East and Africa (EMEA) market from its London office which opened in January 2016, and is pleased to announce European clients. These include JCB (JC Bamford), Olleco, Sue Ryder, The Salvation Army, Thwaites and TMP Worldwide in the United Kingdom and Hammer & Hanborg in Sweden.

In North America, Xref opened a Toronto office in May 2016. New clients include Charles MacPherson Associates and Workopolis. Canadian clients contributed to sales for the first time in the September quarter.

Integration

As part of its growth strategy Xref is integrating its platform with complementary human resources technologies. These allow clients access to other suppliers that service the broader human resources and recruitment sector from a single dashboard, while expanding Xref's addressable market. Recently Xref has integrated with Expr3ss!, a fast-growing Australian predictive hiring technology company that enables its customers to efficiently identify cultural fit as well as skill level throughout the hiring process.

The commercial partnership with Expr3ss! increases Xref's exposure to the small- and medium-sized business market. Expr3ss!'s clients include national employers such as Beaumont Tiles, Kennards Hire, Alpha Flight Services, Krispy Kreme, Ogilvy PR, Laser Group and Spend-less Shoes.

This follows Xref's integration with Verify which allows Verify clients to take candidate references through the Xref platform. Verify is a subsidiary of Veda, a data analytics company and the leading provider of credit information and analysis in Australia and New Zealand. The results are uploaded onto Veda's online portal.

Veda has more than 12,500 business customers and is owned by Equifax, a global leader in information solutions.

Record sales and revenue

Xref's business model involves selling Xref credits, which clients consume as they make candidate reference checks on a 'credit-per-candidate' basis.

September quarter sales (from 1 July to 30 September 2016) were \$725,000, up 234% from \$218,000 in the previous corresponding quarter and up 2% from \$710,000 in the previous quarter. Sales in the September quarter in prior years have been significantly lower compared to the June quarter for Xref, due to hiring seasonality in the Australian market, which is skewed to the second half of the financial year. Companies in Europe and North America traditionally hire in the latter half of the calendar year (which is also their financial year), and as Xref's operations in these countries grow it is expected that the sales skew will become less pronounced.

Sales of \$364,000 in September 2016 established a new monthly record for Xref, and were 300% up on sales in September 2015. September 2016 sales included UK sales of A\$18,000.

Clients purchase Xref credits and, once used, the credits are reported as revenue. Client usage of credits continued to grow. Total credits used for Q1 FY2017 was \$475,000, another record quarter, up 172% compared to the previous corresponding quarter and an increase of 9% compared to the previous quarter.

New time-based referencing product

European sales were facilitated by the development and launch of a new product. Working closely with major UK employers, Xref has pioneered time-based candidate referencing to meet their requirements. This allows an overview of the candidate's experience across an extended time period, helping UK employers to comply with legislation. Pricing is the same as Xref's candidate reference product, allowing employers their reference of choice. The UK governance model is complicated, placing restrictions on employers in relation to the collection and use of data, and aiming to prevent discrimination due to age, disability, gender reassignment, marriage and civil partnerships, pregnancy, race and many other factors.

Executive director / CTO Tim Griffiths said: *"Our new time-based referencing system allows consolidation of a significant amount of data in a simpler view, providing a matrix based solution that complies with the UK governance model. This was a significant engineering feat which has enhanced user experience. Our scalable platform allows language customisation, so Canadians and Swedes can use their preferred language. We continued to make progress with our open platform strategy, increasing our addressable market through integration with complementary human resources systems."*

Executive director / CEO Lee-Martin Seymour said: *"Sales in the September quarter exceeded management expectations, and our growth rate continues to exceed 100% year-on-year. We are pleased to report UK sales growth and our first sales in Sweden and Canada, demonstrating the global potential of our platform. We maintain a dynamic growth trajectory and continue to capitalise on a healthy pipeline of opportunities."*

Chairman Brad Rosser said: *"Considering expected seasonalities, a strong first quarter is an excellent result. The early signs of growth from Europe and North America are encouraging, and provide validation for Xref's business model in these markets."*

Corporate

At 30 September, 2016 Xref held \$8.4 million cash. The company has accelerated its investment in global sales growth, product integrations, and software development of the Xref platform following an \$8 million share placement (before costs) which closed oversubscribed in August 2016. Xref also lodged an R&D offset grant claim for FY2016 during the September quarter.

New clients

Xref's new clients include the following organisations:

Australia and New Zealand

- Auckland Airport handles over 17 million passengers a year, from more than 20 international airlines making it Australasia's third busiest international airport.
- Auckland Transport is responsible for all of the region's transport services (excluding state highways), from roads and footpaths, to cycling, parking and public transport.
- CSR is a major Australian industrial company that manufactures and distributes building products across Australia. It has 3,578 employees.
- Fitness First is one of the world's leading health and fitness companies, with over 370 clubs in 16 countries servicing 1 million members and employing over 10,000 people.
- KPMG operates in 155 countries and has more than 174,000 people working in member firms around the world. In Australia alone, KPMG has approximately 6,700 people, including over 400 partners, with 13 offices around the country.
- Zurich Financial Services Australia is the only global financial services company operating in Australia under a single brand in Zurich's core lines of General Insurance and Life and Investments business. More than 1,000 employees around Australia work within Zurich Financial.

Europe

- JCB (JC Bamford) JCB is one of the world's top three manufacturers of construction equipment, employing around 12,000 people on four continents.
- Olleco is one of the UK's largest distributors of cooking oils, serving 50,000 customer sites across the UK and employing over 550 people.
- Sue Ryder is a charity which was founded in 1953 by Sue Ryder, with the creation of a nursing home in Suffolk, UK. Sue Ryder provides hospice and neurological care.
- The Salvation Army operates in 127 countries. In the UK alone, there are 50,000 members, 4,000 employees and 1500 Salvation Army officers.
- Thwaites is a long established, family run brewery based in Blackburn, UK and has an estate of more than 300 pubs, a small but growing group of coaching inns, six four star regional hotels and spas.
- TMP Worldwide is a global leader in talent acquisition technologies. Its offices span the US, Canada, France, Germany, India, London, Singapore and a Latin American hub in Brazil.
- Hammer & Hanborg is a management and communication consulting company, with approximately 80 staff operating across offices in Stockholm, Malmö, Gothenburg and Oslo.

North America (Canada)

- Charles MacPherson Associates provides staffing, training and consulting solutions for the luxury residential and hospitality sector, and has successfully completed engagements for clients in the United States, Canada, Europe, the Middle East and Asia.
- Workopolis is Canada's largest career site for job seekers and a leader in HR technology solutions for employers. The Workopolis database of candidate resumes is searched over 16,000 times a day by top recruiters across the country.

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