



Monday 30th April 2018

Xref achieves sales, usage and client acquisition records in Q3

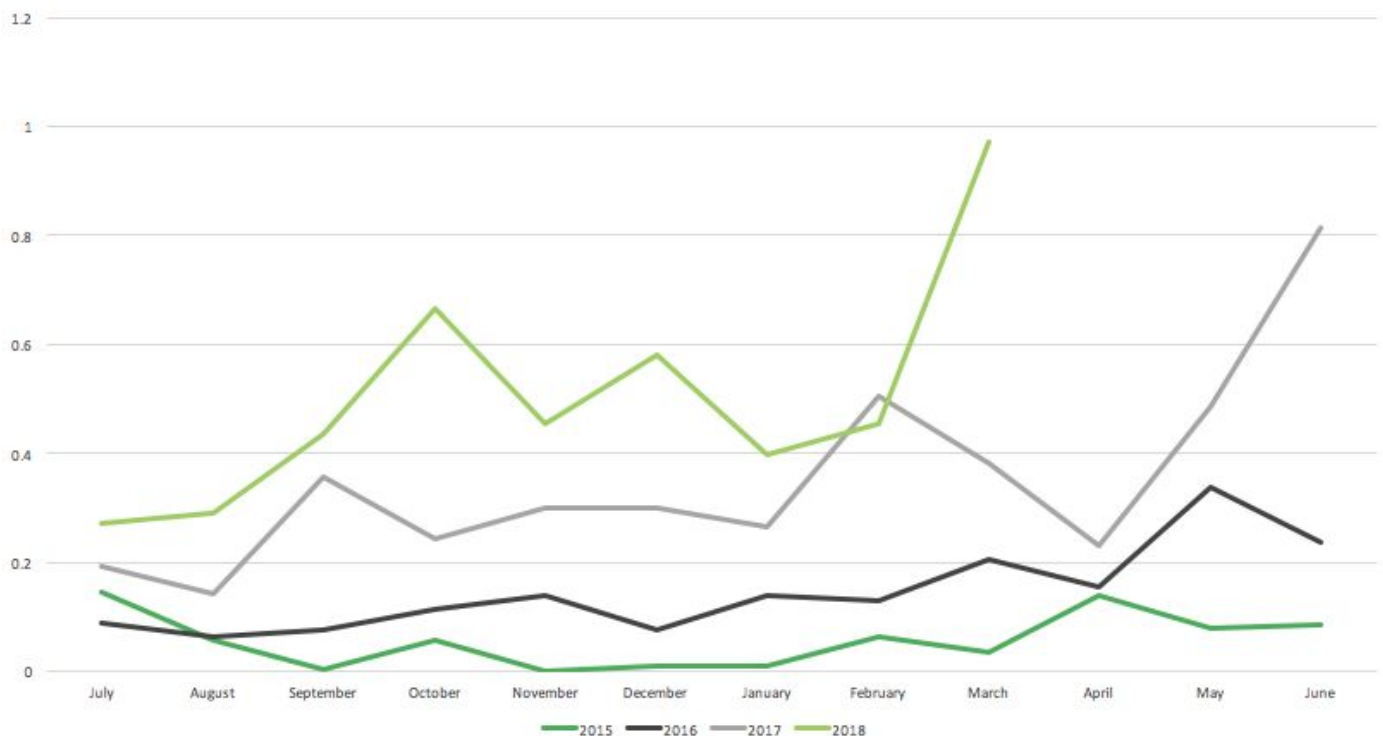
- Record Q3 sales of \$1.8 million, up 80% on Q3 FY2017
- Record sales and usage for March 2018 - sales up 142% and usage up 105% on March 2017
- Record client acquisition, with 102 organisations welcomed across Australia, New Zealand, North America, Europe and the UAE

Xref Limited (**ASX:XF1**), the human resources technology company, today reports record year on year growth for Q3 FY2018. Credit sales for the quarter reached a record \$1.8 million, up 80% on the previous corresponding quarter. Usage of credits sold, which is recognised as revenue, reached \$1.1 million, up 90% compared to \$0.6 million in Q3 FY2017.

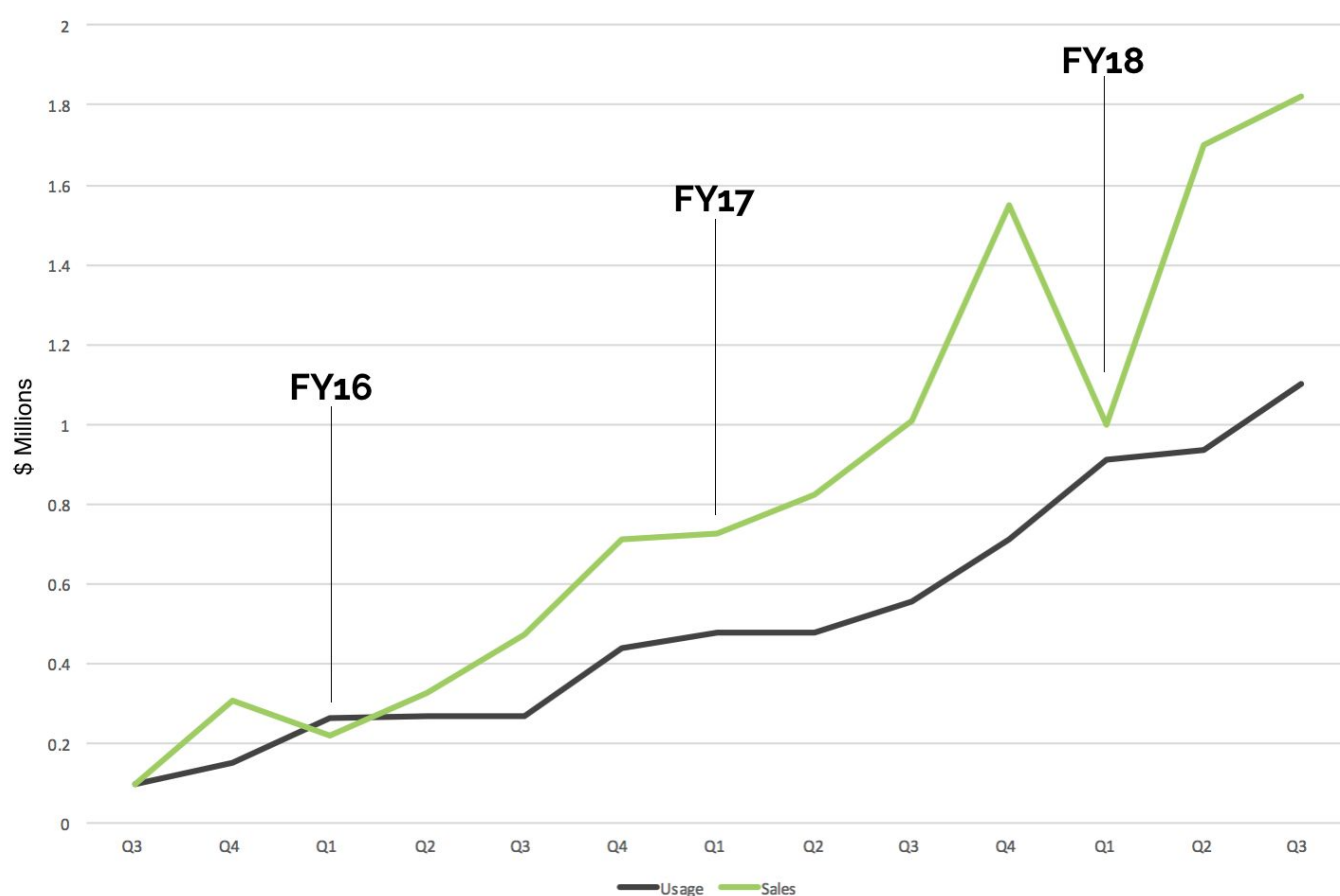
The Company was encouraged to see 29% of total credit sales coming from new clients, with the remaining 71% generated through account top-ups made by existing clients. Australian credit sales constituted 84% of the total, while the remaining 16% came from international markets, including 10% from sales to North American organisations.

Key performance metrics for the month of March 2018 all exceeded the previous corresponding period by more than 100%. Credit sales reached \$0.97 million, up 142% on March 2017. Credit usage hit \$0.45 million, up 105%, and cash receipts were \$0.84 million, up 133%.

Sales revenue history



Credit sales and credit usage history



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).

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.

Client acquisition continues to increase

Xref acquired 102 new clients in Q3, including 60 in Australia and New Zealand, 26 in North America, 11 in the UK and UAE, and five in the Nordics region. This brings the total number of organisations using Xref directly to more than 700 (excluding organisations that use Xref's platform through recruitment processing outsourcing organisations and integration partners).

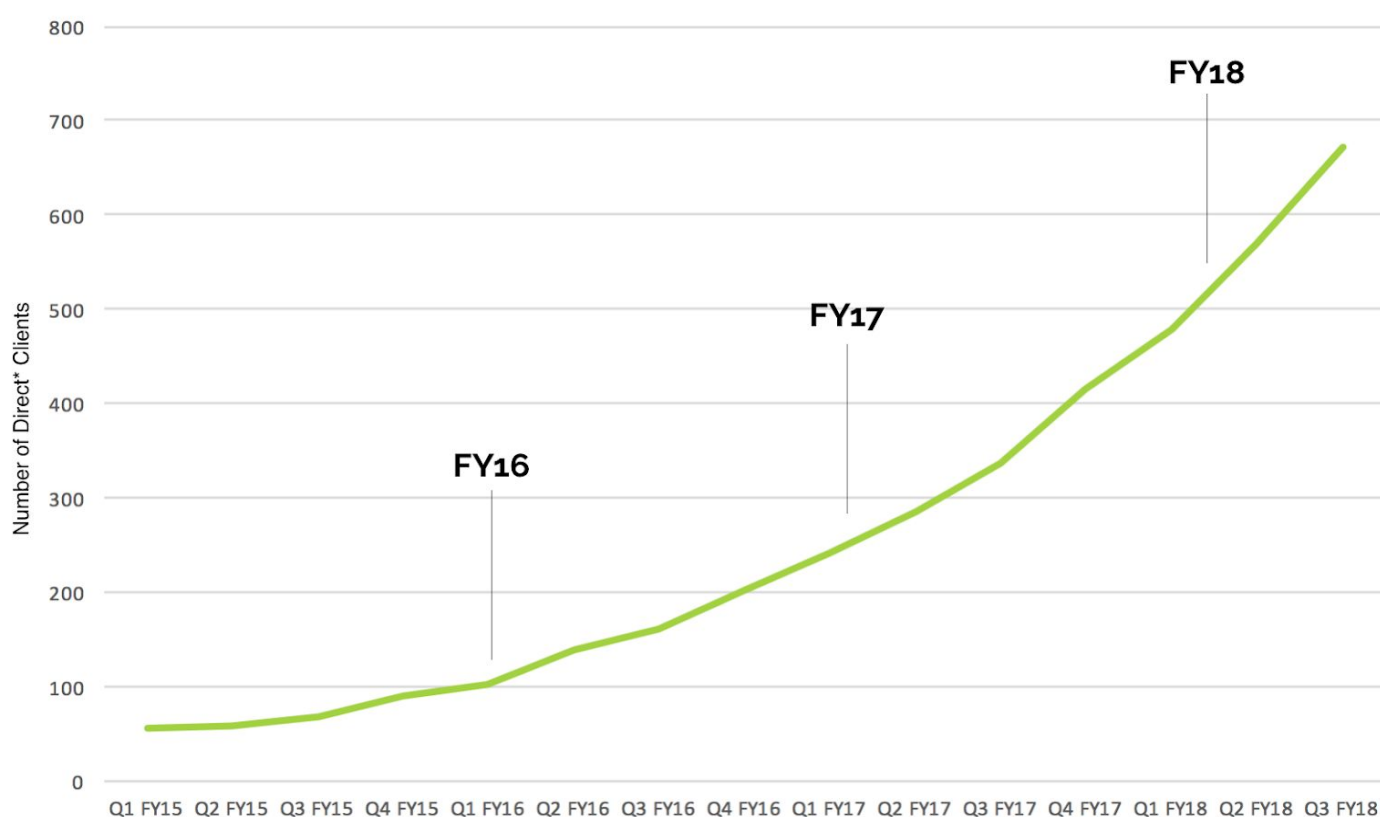
In Australia and New Zealand, new clients acquired included Cement Australia, Global Medics, Incitec Pivot, Melbourne IT, NRMA, RACQ, Randstad Australia, Reliance HR Company and The Nielsen Company in Australia; and Christchurch City Council, Coca Cola Amatil NZ and Genesis Energy in New Zealand.

Prominent new North American clients included Fusion Medical Staffing, Hays Canada, SCM Insurance, Spin Master, The Fairmont (Fairmont Hotels and Resorts) and The Ian Martin Group.

UK and UAE clients acquired included Unilad, UBM Plc and Darkmatter LLC and, in the Nordics region, Xref welcomed Magseis ASA, Azets People and Clas Ohlson.

More information about some of these companies has been included as an Appendix to this announcement.

Client Acquisition Growth

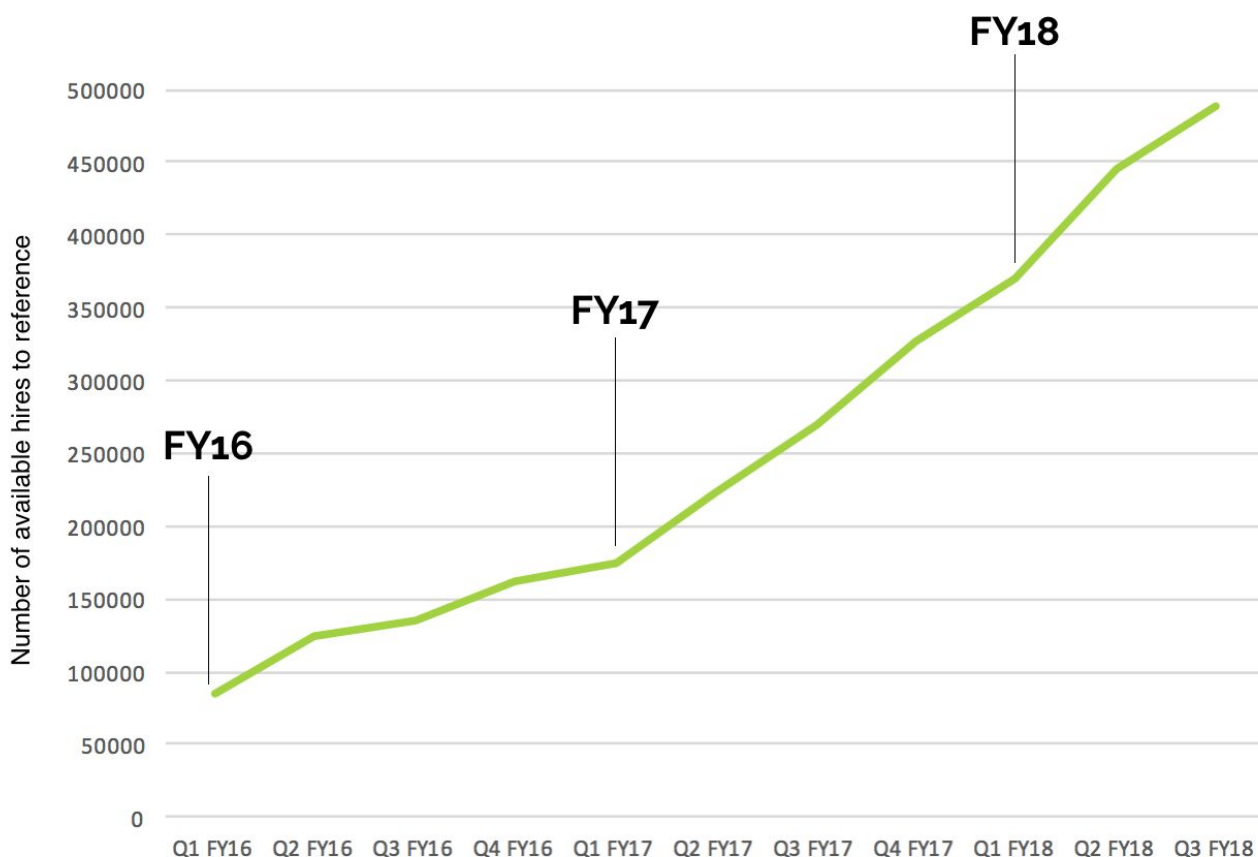


*Excludes non-direct clients using Xref via RPOs and Channel Partners

Latent revenue opportunities from new clients

The 102 new clients acquired during Q3 employ a combined total of approximately 47,000 employees per year. Of these hires, 76.6% (36,000) will be made in Australian and New Zealand, and 23.4% (11,000) will be hired in North America and Europe. Xref's client base now collectively hires approximately 488,000 employees per year.

Number of available hires to reference



Initial adoption by new clients increases

Historical client adoption trends have seen new Xref clients use the platform for 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 Q3 reached 33.4%, demonstrating the increased effectiveness of the Company's sales process and new client confidence in the platform.

Growing Average Revenue Per Account (ARPA)

The increased adoption rates of Xref clients over time also leads to an increase in Average Revenue Per Account (ARPA). Clients that have joined Xref during FY18, contributed an average of \$7,000 in sales revenue during Q3. Clients that joined Xref before FY18 contributed an average of \$14,800 in sales revenue for Q3 - a further indication of growth in adoption and its impact on ARPA. Combined, the average sales revenue from all clients during FY18 was \$10,000, an increase of 7.5% since ARPA was last announced in January 2018.

Sales through integrations ramping up

During the quarter, Xref announced integrations with Lever, a leading San Francisco-based applicant tracking system used by more than 1,500 companies in 40 countries, and fit2work, an arm of the online workforce management software provider, Mercury Group, which was recently acquired by Equifax. Xref's integration partners support more than 20,000 organisations worldwide, providing a conduit for Xref to

rapidly increase sales cost-effectively. The Company continues to add new partners to its integration channel.

Credits used through integrations in Q3 represented 6% of total usage, up from 4% in Q2. This reflects the impact of the growing number of organisations using Xref through integrations, which has increased from 54 during Q2 to 74 during Q3.

Expenditure and outlook

Expenses were \$3.5 million for the quarter, in line with management expectations.

Xref maintains a positive growth trajectory and anticipates continued revenue growth in Q4. The Company continues to invest in global growth and scale, and Q4 expenditure is estimated to remain constant at \$3.5 million to provide continued support for revenue growth. At 31 March 2018 the Company held \$5.9 million cash.

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, reducing the time and resources required, and protecting users from the threats of candidate fraud, security breaches and discrimination risks.

Executive director / CEO Lee-Martin Seymour said: *"This was a strong quarter - we have achieved significant client growth and made great progress on increasing average revenue per account (ARPA). As reported in our February 2018 presentation, increasing ARPA is a top priority for us in terms of building scale and profitability, and we are committed to the ongoing improvement of this key growth metric."*

Executive director / CTO Tim Griffiths said: *"We maintain our focus on improving and evolving the platform, to offer additional value and meet the needs of both existing and newly acquired clients. This quarter, our integrations program continued to contribute to our global growth success with access to Xref made available via two important new channel partners. We also launched a new public API in response to growing demand for solution connectivity from other, smart HR platforms, thus allowing third-party organisations to integrate more easily with other software platforms, and enabling developers to 'self service' their system's exchange of data with our solution."*

Chairman / Brad Rosser said: *"The team's focus on improving the sales cycle, dedicated account management and tight spending controls has contributed to strong growth and a successful quarter, with a stable expense line. We are encouraged by the increase in channel sales and the continued expansion of overseas operations."*

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Appendix – New clients

Australia

Cement Australia - the nation's leading supplier of cement products and services, Cement Australia employs more than 1,100 people across three locations: Brisbane and Gladstone in Queensland and Railton in Tasmania.

Incitec Pivot - is an ASX-listed Australian multinational corporation that manufactures fertiliser and explosive chemicals. It employs approximately 4,400 staff globally.

Melbourne IT – ASX-listed Melbourne IT helps organisations of all sizes to successfully do business online. It employs approximately 400 staff in offices across Australia and New Zealand.

NRMA - is Australia's largest member organisation, providing a diverse range of motoring, travel and lifestyle benefits. The NRMA has more than 2.6 million members in NSW and the ACT.

RACQ - One of the largest mutuals in Australia, RACQ provides motoring, insurance, lifestyle, banking and advocacy services. It has 1.7 million members across Queensland.

Randstad - Randstad Australia is part of a multinational human resource consulting firm, headquartered in Diemen, the Netherlands. It employs around 29,000 staff across over 4,500 branches.

North America

Fusion Medical Staffing - is a healthcare professional staffing company. Founded in 2009, it has appeared on the Inc 5,000 fastest growing private companies list three times.

Hays Canada - Hays Specialist Recruitment Canada is a wholly owned subsidiary of Hays plc, which has been at the forefront of the global recruitment industry for over 35 years. It has annual revenues of more than £2.1 billion, and employs more than 10,000 staff in 250 offices across 33 countries.

SCM Insurance - offers a suite of comprehensive insurance solutions to help mitigate threats to people, reduce risk to physical assets and protect brand reputation.

Spin Master - is a leading global children's entertainment company that creates, designs, manufactures, licenses and markets a diversified portfolio of innovative toys, games, products and entertainment properties.

Fairmont Hotels and Resorts – operates more than 70 hotels and resorts globally, including The Fairmont Banff Springs, The Savoy in London and Quebec City's Fairmont Le Château Frontenac.

The Ian Martin Group – is one of North America's most progressive recruitment and project-staffing firms, specialising in engineering and IT recruiting to help organisations of all sizes hire better.

United Kingdom

Unilad

Unilad provides news and entertainment with a social-first approach, and has UK-based offices in London and Manchester.

UBM Plc

UBM plc is a global business-to-business event organiser headquartered in London. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

Darkmatter LLC – is a cybersecurity firm headquartered in the UAE.

Norway

Magseis ASA - is a Norwegian geophysical company founded in 2009 and specialising in Ocean Bottom Seismic Acquisition.

Azets People - is the leading provider of technology and services within accounting, payroll, HR and advisory in the Nordics.

Clas Ohlson - is a Swedish hardware store chain and mail-order firm that specialises in hardware, home, leisure, electrical and multimedia products. It is one of the biggest of its type in Scandinavia, with more than 200 stores.

New Zealand

Christchurch City Council - is the local government authority for Christchurch in New Zealand. It is a territorial authority elected to represent the 381,500 people of Christchurch.

Coca Cola Amatil NZ - the licensed bottler of The Coca-Cola Company in New Zealand has been in operation since the early 1900s. It has five production facilities with 13 bottling lines and three warehouses.

Genesis Energy NZ- is the largest electricity and natural gas retailer in New Zealand, with 26% and 39% market share respectively in the 2015–2016 financial year.