Tuesday 31st October 2017

Xref Achieves Quarterly Record for Both Revenue and Cash Receipts

- First quarter revenue increased by 94% and cash receipts increased by 115% on Q1 FY17
- Major new client wins included L'Oréal (Australia), Foodstuffs Ltd (N.Z.), Tim Hortons (Canada) and Shangri-La Hotels (United Kingdom)
- Completed platform integrations with Checkr, Workday, Equifax and Zapier

Xref Limited (**ASX:XF1**), the human resources technology company, today reported a record quarter for both revenue (usage) and cash receipts in Q1 FY18. Revenue for the quarter was $0.911m, up 94% year-on-year and a 28% increase on Q4 FY17. Cash receipts also hit a record high of $1.3m, more than double the $0.620m (up 115%) result for Q1 FY17, and a 24% increase on the previous quarterly record, achieved in Q3 FY17.

The strong sales momentum at the end of FY17 carried over into the first quarter of FY18, a period that is usually impacted by seasonality with the resetting of customer budgets for the new financial year.

Ongoing international expansion

Xref continues to execute on its international growth strategy, with the establishment of a physical presence in Oslo, Norway, announced in September. The expansion of its European operations, enables the Company to better service the Nordics region (Norway, Denmark, Sweden, Iceland and Finland) and came as a response to unsolicited demand for the platform from a growing number of organisations across the Nordic region. Xref is encouraged by the initial results from its Nordics business with clients signed for paid trials within the first month of operations.

Xref's ability to respond quickly to demand and establish itself in new markets at scale is testament to the flexibility of its platform and its multilingual capabilities.

Client portfolio growth

Notable new client wins during the quarter included Foodstuffs North Island Ltd, National Nurses Plus, L'Oréal Australia, Hastings Deering Limited, Nissan Motor Co.Pty. Ltd., Pacific Hydro and the Department of Communities, Child Safety and Disability Services in Australia and New Zealand; Tim Hortons in Canada; and La Fosse Associates, The Perfume Shop, and Shangri-La Hotels in the United Kingdom.

A number of clients renewals were also secured in Australia and New Zealand, including Roy Hill Holdings, Crown Entertainment, Fletcher Building, KiwiRail, Mission Australia and the Salvation Army.

Partnership and integration updates

Co-marketing partnerships are an important new channel to market for Xref, potentially providing access to thousands of new clients in key global markets and generating sales at a much faster rate and lower cost than through a direct sales channel.

Each co-marketing partnership requires an integration between Xref's platform and its partner's platform. With the completion of each new integration project, Xref's development team has become more efficient and as a result the Company is able to complete integrations at a significantly faster rate.

Xref's co-marketing strategy is being very well received, with some of the HR industry's largest players having already partnered with Xref and further, additional integration agreements in the pipeline.

During the quarter, Xref announced a landmark partnership with market-leading, background checking platform, Checkr. The Company believes this partnership will becomes a significant channel for Xref's growth in Canada and the United States, and it comes at a time when employment governance has never been more important in the region.

During Q1, Xref also announced partnerships with Workday, Equifax and Zapier.

Xref credits used via integration partner platforms have increased 80% since Q4 FY17 and now represent 6% of overall revenue (credit usage).

Continued investor support

During Q1, the Company successfully completed a placement of shares to Australian institutional and sophisticated investors, raising A$7.5 million before costs, at A$0.60 per share. Funds raised from the placement, which closed oversubscribed, are supporting additional marketing and platform development which will accelerate expansion in key international markets.

Operating Cashflow

In the Company's Q4 FY17 Appendix 4C, operating cash outflows for Q1 FY18 were estimated at $2.9m. The actual operating cash outflows for Q1 FY18 totalled $4.7m. The variation between the estimate and the actual outflow largely relates to timing differences. Following the successful capital raising during the quarter, the Company decided to bring forward some of its growth initiatives which were planned for later in the year. These included the establishment of a new office in Norway and the move to a new office in Canada. In addition there were four pay periods during the quarter (vs. three in a typical quarter) and a payment was made to the New Zealand IRD in settlement of a GST review. Xref ended the quarter with cash on hand of $7.9m. The strong cash position will support further international growth and continued platform integrations and enhancements.

Executive director / CEO Lee-Martin Seymour said: *"The first quarter has always been slower than average in Australia, given seasonal fluctuations and budget schedules. We knew our global expansion would help to ease and balance out these regionally-specific variations and it's exciting to see the increasingly positive impact it is having every year. The passion and energy shown by the team globally, following a record last quarter in FY17, has been a delight to watch."*

Executive director / CTO Tim Griffiths said: *"We are extremely encouraged to see our platform integrations strategy go from strength to strength. The new markets and revenue streams that present themselves as a result of these partnerships are exciting and promising."*

Non-executive chairman Brad Rosser said: *"The first quarter can be challenging, particularly following such a strong performance in the months prior, but Xref has responded well. It's been a pleasure to welcome Hans Jorgen Wang and his team in Norway. Our entry into this new market has been strong, it continues to progress well and the opportunities it presents are great."*

Xref's software as a service (SaaS) platform collects 60% more data five times faster than traditional methods and, by automating a vital task, protects companies from fraud, discrimination and privacy breaches. It is used by more than 600 clients across 7 countries.

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New clients

Australia & NZ

- **Foodstuffs North Island (N.Z.) Ltd** - Employing more than 30,000 people nationwide, Foodstuffs is proudly 100% Kiwi owned and operated. From early days in Auckland in 1922, it has grown to become New Zealand's largest grocery distributor, and one of the country's biggest organisations.
- **National Nurses Plus** - National Nurses Plus is Sydney's Leading Nursing Agency and a leader in providing staffing solutions to the healthcare industry.
- **L'Oréal Australia** - The world leader in beauty, L'Oréal is present in 130 countries on five continents boasting €22.98 billion in sales across 28 international brands. L'Oréal has more than 77,000 employees.
- **Hastings Deering (Australia) Limited** - Headquartered in Brisbane, Hastings Deering has an 80 year history of serving customers across Queensland and the Northern Territory. It sells and rents machinery, provides parts and service, and delivers fleet management and productivity solutions for mining and construction job-sites. Hasting Deering has more than 3000 employees.
- **Nissan Motor Co. (Australia) Pty. Ltd** - Found in over 191 countries with over 160,000 employees worldwide, Nissan have been creating and sharing innovative products and services since 1933.
- **Pacific Hydro** - Pacific Hydro was founded in 1992 in Australia and has since developed an impressive range of hydro and wind projects in Asia Pacific and South America. Pacific Hydro currently abates an estimated 900,000 tonnes of greenhouse gas pollution every year in Australia alone.
- **Queensland Department of Communities, Child Safety and Disability Services** - DCCSDS supports some of the most vulnerable Queenslanders, including children at risk of harm and their families, people with disability, people who are subject to domestic and family violence. DCCSDS employs more than 6000 permanent employees and 1000 contractors.

Canada

- **Tim Hortons** - Canada's largest quick-serve restaurant, Tim Hortons has more than 5000 restaurants and 100,000 direct employees across Canada and the US. It is responsible for serving 5.4m customers daily.

United Kingdom

- **La Fosse Associates** - La Fosse is a recruitment company with more than 150 staff specialising in recruiting technology, digital and change talent.
- **The Perfume Shop** - The Perfume Shop is the UK's largest specialist fragrance retailer with more than 260 stores nationwide.
- **Shangri-La Hotels** - Owning and/or managing over 95 hotels and resorts throughout Asia Pacific, North America, the Middle East and Europe, the Shangri-La group has a room inventory of more than 40,000. Shangri-La Hotels employ more than 27000 staff globally.