

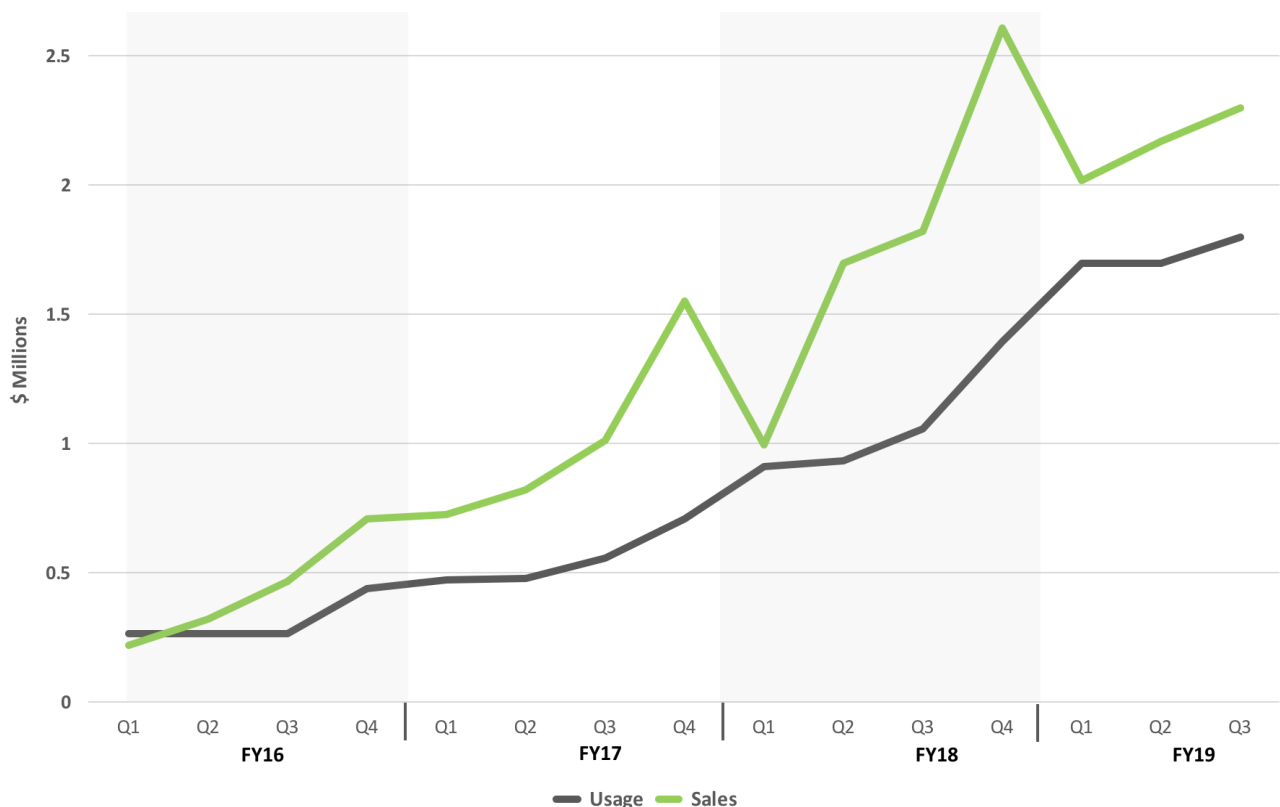
30th April 2019

Sales Reach \$1.1 Million in March and Cash Flow Break-Even Point Now Clearly in Sight

- Sales for March reach \$1.1 million
- 60% increase in revenue year-on-year during Q3 FY19
- International sales increase by 51% from Q3 FY18
- Client numbers reach the level required to cover the current cost-base based on matured ARPA

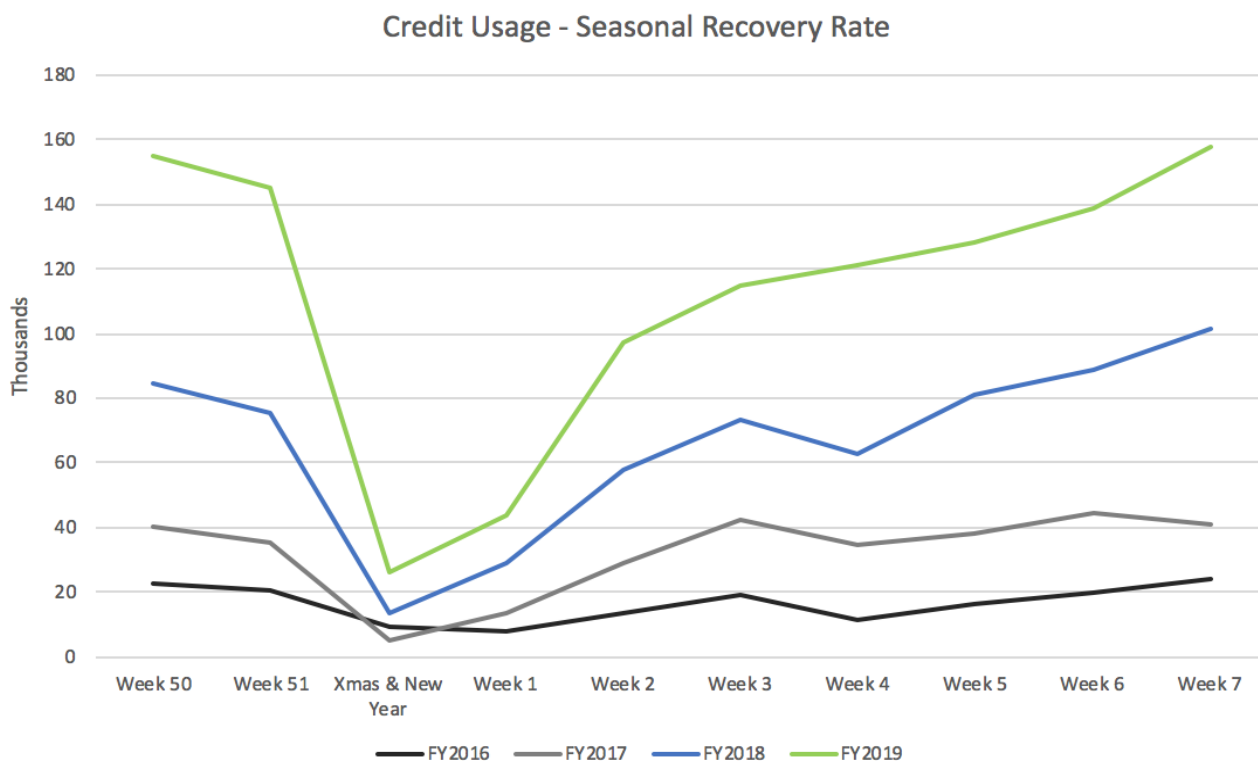
Xref Limited (ASX:XF1), the human resources technology company, today reported another record third quarter with significant improvements year-on-year against all key metrics. During the quarter, global revenue (credit usage) reached \$1.8 million, a 60% increase when compared to the same period in FY18. Sales of \$2.3 million for the quarter brought the FY19 year to date total to \$6.5 million, a 42% increase year-on-year. Cash receipts totalled \$2.2 million, a 37% increase on the \$1.6 million achieved during the previous corresponding period.

This strong quarterly performance began with an unusually fast post-Christmas recovery rate in January and sets Xref on a positive trajectory as it enters the last quarter of the financial year. Historically, sales for the fourth quarter are similar to total sales for the preceding first half of the year (H1).



Growing international credit usage reducing the impact of local seasonality

Xref monitors hiring recovery rates following holiday periods and against hiring trends to predict the resilience of the industry and forecast activity. This year, peak usage levels returned fully by week seven and the expected seasonal low caused by Australia Day was countered for the first time by overseas usage. In the Northern Hemisphere, Christmas and New Year holidays are shorter and, over time, Xref expects its increasing international sales will result in less seasonality in overall usage.



Increased impact from channel and international sales

Xref's channel and international expansion strategies continue to drive growth in both sales and usage. During the quarter, the number of clients acquired via integrated platform partners grew to 229, up 209% on the previous corresponding quarter. Channel revenue grew 200% to \$359,000 and reached 20% of overall credit usage.

International sales for the quarter reached \$483,000, a 51% increase on Q3 FY18; and revenue was \$298,000, 17% of the total group revenue and a 165% increase year-on-year.

Client acquisition and ARPA align, cash flow break-even point on the horizon

Xref continues to monitor and measure its performance on the basis of client acquisition and Average Revenue Per Account (ARPA). Both metrics saw significant improvements during Q3 FY19. Xref acquired 109 new direct clients, taking its total client base to 1,100 globally, up 57% from the previous corresponding period.

The number of platform users (staff of the 1,100 clients) has grown 59% during FY19 to 5,160. Xref marketing, customer success and account management teams are focused on these individuals to drive future growth via automated education support campaigns.

The ARPA across the business is \$12,500, a 32% increase since the metric was first reported in January 2018. First year clients (which comprise 40% of all clients) have an average ARPA of \$8,500. Based on historical trends, the ARPA of these clients can be expected to almost double by their third year using Xref, to \$16,500.

As the average tenure of Xref's client base grows, ARPA will also continue to grow and along with it Xref's total revenue. This organic growth comes at a low incremental cost thereby accelerating Xref's progress towards cash flow break-even.

In Q4, Xref plans to build its team further in order to accelerate growth. While the new hires will increase the cost base, the Company's high operating leverage and strong growth trajectory mean that its cash flow break-even point is now clearly in sight.

Landmark clients acquired

Some landmark businesses were added to the Xref client portfolio during the period.

In APAC, these included Bunnings Group, the Department of Corrections, Nearmap. The New Zealand Customs Service, New Zealand Post, PageGroup, Queensland Police and Sky News.

Across the EMEA region, Xref introduced Color line AS, The Crown Estates, Ocean Installer AS, Sykehuspartner AS and Telia Norge AS and in North America, notable acquisitions included Kipp LA Schools, Zoom Video Communications and Arbor Memorial Services.

Further information about these companies follows as an appendix to this announcement.

Platform evolution and data analytics

The number of candidates and referees that have used the Xref platform grew to 1.5 million across 195 countries during the quarter, 38% of these profiles were created in the nine months leading to 31 March 2019. With eight years of data available, Xref is now building features and products using insights gained by leveraging the Company's data and analytics capabilities. This ongoing innovation will continue to add value for existing clients, strengthen Xref's competitive advantages and generate incremental revenue opportunities globally.

Self-serve plans to expedite sales cycle

A commitment to driving efficiencies in the sales process has enabled Xref to reduce its average sales cycle from 97 days in Q3 FY18 to 33 days in Q3 FY19. Xref is now focused on making a one-day sales cycle a reality by offering new users a frictionless introduction to the platform. Plans for this significant upgrade of the business model are now underway and the Company will continue to update the market on its progress as it evolves.

Continued focus on sales and account management growth

During Q3 FY19, the Company's global headcount rose to 82, with 14 new hires made during the quarter, 50% of which were sales and account management roles taking the total number of staff in these positions to 26.

Xref will scale through continued growth in client acquisition, organic growth in ARPA and additional revenue streams from new products and services sold by account managers.

To capitalise on Xref's first mover advantage and the substantial global market opportunity, the Company plans to hire nine new sales and account managers by the end of FY19.

Operating cash flow

Gross cash outflows for the quarter were \$4.07 million, a slight increase from the \$3.98 million estimate provided in the December quarter Appendix 4C. The net cash outflow for the quarter was \$1.89 million compared to \$1.92 million for the previous corresponding period. This result reflects the trend highlighted in the last quarter, of continued operating leverage improvements for the Company.

Estimated gross cash outflows for Q4 are \$4.09 million and cash inflows are expected to continue to grow during the remainder of FY19. Cash on hand at the end of March was \$9.6 million and the Company remains debt-free.

Executive director / CEO Lee-Martin Seymour said: "We are at an important junction in our growth journey and putting weight behind our sales and account management functions has us well positioned to reach cash flow break-even. It's a really exciting time for the Company. The level of sales and revenue driven by channel partners and international growth is also very encouraging and will form a key component of our future success. The final quarter of the financial year is always our highest performing, but we have never been in a better position entering the last quarter than we are this year."

Executive director / CSO Tim Griffiths said: "Since launch, we have had an unwavering focus on evolving and strengthening the platform. Whether it be from a security perspective, with our ISO27001 certification; an international support standpoint, with the introduction of international data centers and multi-language functionalities; a drive for innovation with new products like People Search; or in terms of the consistent and ongoing support we offer around the clock, we are always striving to provide the utmost value to our clients. These efforts all come together to form the basis of our latest evolution target, to offer new clients a one-day sales cycle with a frictionless, self-serve on-boarding process."

Chairman / Brad Rosser said: "This has been another strong quarter for Xref. The team is laser-focused on delivering growth and scalability profitably, with the cash flow break-even point now within reach. The Company will programmatically leverage opportunities in existing and adjacent countries around the world with our current sales team and, with the proposed new hires, Xref will have the capacity and capability to maintain its current new business growth trajectory, while also deriving maximum value from existing business."

Investor and media enquiries:

Ashley Rambukwella, FCR

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

a.rambukwella@fcr.com.au

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

APAC

Bunnings Group - trading as Bunnings Warehouse, is an Australian household hardware chain, which has stores in Australia and New Zealand. It has more than 31,000 employees across 295 locations.

Department of Corrections - is the New Zealand public service department charged with managing the New Zealand corrections system. It has more than 8,000 employees.

Nearmap - is an Australian aerial imagery technology and location data company that provides frequently-updated, high-resolution aerial imagery. It is an ASX listed company (ASX:NEA) that has more than 160 employees.

New Zealand Customs Service - is responsible for providing border control and protecting the community from potential risks arising from international trade and travelers, as well as collecting duties and taxes on imports to the country. This state sector organisation employs 1,161 people.

New Zealand Post - is a state-owned enterprise responsible for providing postal services in New Zealand. It employs 8,132 people across the country.

Page Group - operates through four key brands: Page Executive, Michael Page, Page Personnel & Page Outsourcing. The Group employs over 7,500 people in 36 countries and the four core brands are made up of specialised recruitment teams that operate across 25 disciplines.

Queensland Police Service - is the principal law enforcement agency responsible for policing the Australian state of Queensland. It has 327 stations across the state and employs 8,446 staff.

Sky News Australia - is an Australian 24-hour cable and satellite news channel owned by News Corp Australia. It currently employs 205 staff.

EMEA

Color line AS - is the largest cruise ferry line operating on routes to and from Norway and is one of the leading operators in Europe. Color Line provides transportation for people and cargo, hotel accommodation, shopping, restaurants and entertainment. The company currently employs 3,500 people in four countries.

The Crown Estates - is a collection of lands and holdings in the United Kingdom belonging to the British monarch. It is one of the largest property managers in the United Kingdom, administering property worth £14.1 billion and employing approximately 400 staff.

Ocean Installer AS - is a Norwegian subsea services provider, headquartered in Stavanger with staff across offices in Aberdeen, Houston, Dubai and Perth.

Sykehuspartner - is the Nordic region's largest service provider in health information technology. With around 1,400 employees, Sykehuspartner is one of the Nordic region's largest joint services companies for the hospital sector.

Telia Norge AS - is a Norwegian mobile phone operator, headquartered in Oslo, Norway. Founded in 1993, it is the second largest operator in Norway and has 6.41 million subscribers. The Company employs approximately 1,200 staff.

North America

Kipp LA Schools - is a charter school operator associated with KIPP (Knowledge Is Power Program). KIPP LA was founded in 2003 with two middle schools and now consists of 17 schools in South and East Los Angeles, serving 7,300 students and 2,700 alumni.

Zoom Video Communications - Zoom Video Communications is a company headquartered in San Jose, California that provides remote conferencing services using cloud computing. It has approximately 1,200 employees.

Arbor Memorial Services - Arbor Memorial Services is a Canadian owned and based funeral company established in 1947. The Head Office is in Toronto, and they own 41 cemeteries, 26 crematoria, and 82 funeral homes across the provinces of Canada.