

Xref Limited

Appendix 4D Interim Report

Company Details

Name of entity:	Xref Limited
ACN:	122 404 666
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

Results for announcement to the market

		Reporting Period \$	Previous Period \$
Revenues from ordinary activities	up 8% to	9,607,988	8,873,451
Loss from ordinary activities after tax attributable to the owners of Xref Limited	up 3,862% to	(1,465,411)	(36,987)
Loss for the half-year attributable to the owners of Xref Limited	up 798% to	(1,298,306)	(144,529)

Review of Operations

The Group result for the financial half-year after providing for income tax was a loss of \$1,465,411 (H1 FY22: Loss \$36,987).

Key achievements for H1 FY23 included:

- Revenue up 8% to \$9.6 m
- Group Sales up by 4% to \$10.2m
- Cash Collections from customers up 10% to \$11.3m
- Cash Balance at 31 December 2022 was \$11.4m
- Cash Generated from operations \$1.1m
- Cash Investment into platform development \$1m
- Acquired Engagement Platform Voice Project for \$4m (50% Cash + 50% script, finalised January 2023)
- Launched the all-new subscription platform - Xref Enterprise, the new Xref.com website and the Trust Marketplace

Outlook

As Xref continues to invest in product development and improving our offering, much of this work is aimed at generating profitable growth well beyond the current financial year. In the meantime, we aim to fund these developments from operating cash flow.

During the first half we invested \$1m in product development. We intend to invest a further \$1m in the second half to fill out the features of the new subscription platform. Many existing clients have indicated their preparedness to migrate to the new platform once these features are available.

There are also significant revenue opportunities in FY2024 and beyond resulting from the new platform. The product development investments scheduled in H2 FY23 are necessary to fully capture this opportunity. Again, the cost of these investments will be funded from operating cash flow.

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Outlook *continued*

As part of increasing the scale of the business, we are focused on the following priorities in the year ahead:

- **Product Innovation.** Completing the development of the newly launched enterprise platform with the addition of Pulse Surveys and self-service, completing the build of Trust Marketplace API's as well as integrating the newly acquired Voice Project into Xref's platform
- **Internal processes, incentives and reporting.** These need to be updated as a result of the changing business model from credit based sales to subscriptions and the newly acquired Voice Project business
- **Marketing.** Executing go-to-market strategies to align with the newly launched Enterprise Platform and to cross sell Voice Project services. This includes new brand assets such as the new explainer videos, online help guides

We are confident of continued revenue growth for the remainder of the financial year as well as positive operating cash flow. We expect this will be achieved despite the disruption from migrating to the new operating model and subscription platform and the integration of Voice Project. Notwithstanding the planned ongoing investment in product development during H2 FY23, with the second half of the financial year traditionally being Xref's strongest, the business forecasts a return to a small NPAT profit in the second half.

Earnings per share

	Reporting Period \$	Previous Period \$
Basic earnings per share (cents)	(0.0079)	(0.0002)
Diluted earnings per share (cents)	(0.0079)	(0.0002)

Net tangible assets

	Reporting Period	Previous Period
Net tangible assets (liabilities) per ordinary security	(0.02)	(0.02)

Dividends

There were no dividends paid, recommended, or declared during the current financial period.

Previous period

There were no dividends paid, recommended, or declared during the previous financial period.

Control gained over entities

During the half Xref established the following entities, which are 100% controlled:

- TMP Digital Verifications Pty Limited
- Xref Engage Pty Limited
- Xref Limited Employee Share Trust

Loss of control over entities

Not applicable

Dividend reinvestment plans

Not applicable

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Details of associates and joint ventures

Not applicable

Foreign entities

Detail for origin of accounting standards used in compiling the report

Not applicable

Events occurring after the reporting date

On 3 January 2023, Xref acquired employee engagement company Voice Project. The purchase price is a combination of cash of \$2 million AUD and also Xref Shares of up to \$2 million to be issued on the 1st and 2nd anniversaries following completion, conditional on performance. The acquisition will add approximately \$4 million to Xref's revenues and increase staff from 85 to 100. Voice Project is profitable and is forecast to be EPS accretive to Xref. For more information, please refer to ASX release of 23 November 2022.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Audit qualification or review

The financial statements for the half-year ended 31 December 2022 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

Attachments

The Interim Report of Xref Limited for the half-year ended 31 December 2022 is attached.

Signed



Lee-Martin Seymour

Managing Director

23 February 2023

Authorised for release by the Board of Directors of Xref Limited