Appendix 4D Preliminary Interim Report

Under ASX Listing Rule 4.2A

Name of entity:	Xref Limited
ACN:	122 404 666
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

1. Results for announcement to the market

				Reporting Period $	Previous Period $
Revenues from ordinary activities	up	3%	to	9,924,559	9,607,988
Loss from ordinary activities after tax attributable to the owners of Xref Limited	up	179%	to	(4,083,719)	(1,465,411)
Comprehensive loss for the year attributable to the owners of Xref Limited	up	201%	to	(3,911,956)	(1,298,306)

Comments

Refer to the Operating and Financial review section 11 below for the results commentary.

2. Dividends

No dividends were declared, recommended, or paid during the current financial year.

Previous period

No dividends were declared, recommended, or paid in the previous financial year.

3. Earnings per share

	Reporting Period	Previous Period
Weighted average number of ordinary shares used in calculating basic earnings per share	186,227,109	186,176,289
Weighted average number of ordinary shares used in calculating diluted earnings per share	192,625,754	186,176,289
	Cents	Cents
Basic earnings / (loss) per share	(2.193)	(0.0079)
Diluted earnings / (loss) per share	(2.120)	(0.0079)

4. Net tangible assets

	Reporting Period	Previous Period
	Cents	Cents
Net tangible assets (liabilities) per ordinary security	(0.079)	(0.054)

5. Control gained over entities

Not applicable

6. Loss of control over Entities

Not applicable

7. Dividend reinvestment plans

Not applicable

8. Details of associates and joint ventures

Not applicable

9. Foreign Entities

Detail for origin of accounting standards used in compiling the report.

Not applicable

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10. Matters subsequent to the end of the financial half-year

In February 2024 Xref entered into a new four-year secured US$5.5m (approximately A$8.4m) debt facility with Element SaaS Finance to support Xref's growth strategies. This replaces the A$5m facility provided by PURE Asset Management Pty Ltd in 2020. Please refer to Note 11 for further details.

Effective 31 January 2024 changes were made to the cost structure of the business resulting in a headcount reduction as envisaged in a conservative forecast referred to in Note 1(g), enabling the group's capacity to focus on market development and sales ramp up effort.

On February 20, 2024, the Board approved the issue of 2,906,977 fully paid ordinary shares (using a VWAP of $0.344) after successful achievement of the First Earn Out Payment hurdles relating to the acquisition of Voice Project Pty Limited. These shares remain in escrow up until 3 Jan 2025. Full details of the background to this transaction can be found at Note 32 on page 58 of the 2023 Annual Financial Report of Xref Limited.

No other matters or events requiring adjustments have arisen since 31 December 2023, that relate to circumstances that existed as on the balance sheet date.

11. Operating and Financial Review

The loss for the Group after providing for income tax amounted to $4,083,719 (31 December 2022: loss $(1,465,411)).

Operations Review

Key operating results for H1 FY24 included:

- **Group revenue** was up 3% to $9.9m
- **Net loss** of $4.1m
- **Cash collection**s reached $11.7m
- **Cash balance** at 31 December 2023 was $3.6m
- **ARR** up 95% to $10.9m due to client migration
- 56% of clients **migrated** to SaaS

During H1 FY24, Xref focused on transitioning current and new clients to SaaS subscription agreements which resulted in ARR of $10.9m (56% growth since July 2023). More specifically, the Xref platform grew ARR 134% from $3.6m to $8.6m and Engage grew ARR 27% from $1.9m to $2.3m.

So far, 551 clients have transitioned to SaaS contracts and a further 66 new clients signed SaaS contracts in H1 FY24 which represents 56% of all key clients. As a result, the amount of previously sold credits that remained unused fell 36% during the half to $5.4m. Clients from all cohorts welcomed the opportunity to move to subscription contracts including 93% of all new clients won during the half year. Xref is now focused on transitioning the remaining 480 key accounts to SaaS subscriptions to further strengthen and grow our ARR.

Outlook

During FY24 Xref will continue to focus on executing its product innovation strategy, delighting its customers, and rewarding and retaining its employees. By offering its extended services Xref will increase its share of wallet of its existing clients and continue to attract new clients to increase revenue. At the same time, focusing on cost efficiencies and maximising revenue to build a new pathway to sustainable and growing profit. Xref will measure its progress against these strategic priorities by reporting on ARR growth, expenses and profitability.

A full report on the Group's performance for the half year is contained within the attached Interim Report

12. Audit qualification or review

The financial statements for the half year ended 31 December 2023 were subject to a review by the auditors and the review report is attached.

13. Attachments

The Interim Report of Xref Limited for the year ended 31 December 2023 is attached.

Signed



Lee-Martin Seymour
Managing Director
28 February 2024

Authorised for release by the Board of Directors of Xref Limited

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