

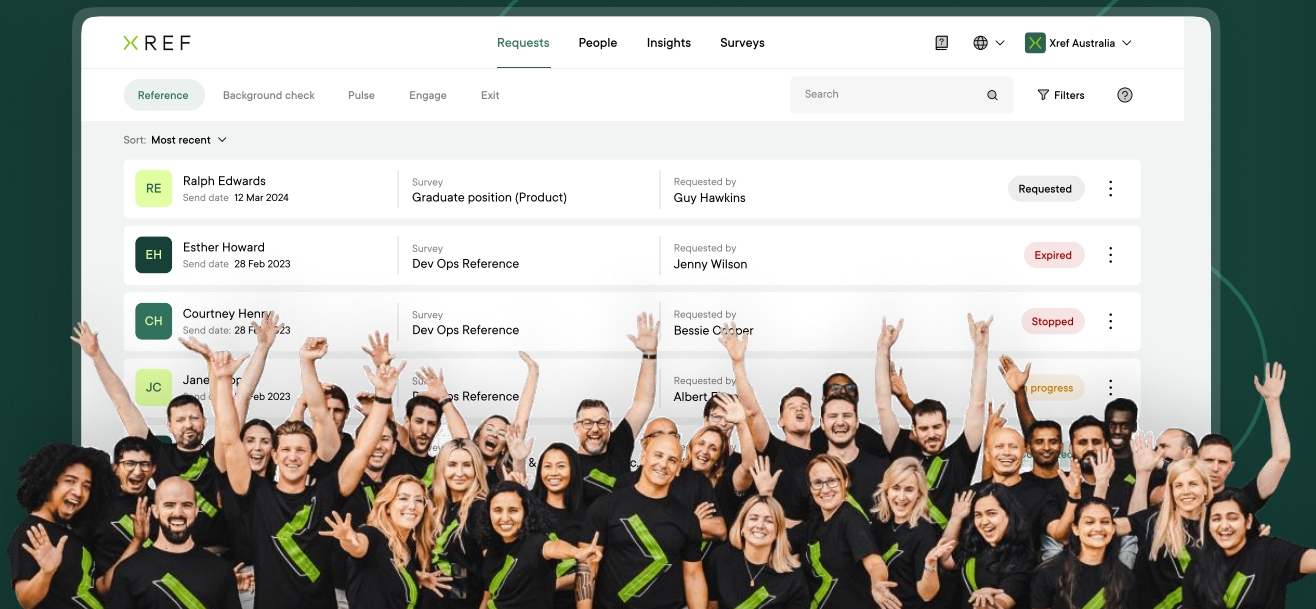
Xref Limited

2024 Annual Report

Annual Report 2024

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General information

Xref Limited ABN 34 122 404 666

The financial statements cover Xref Limited as a consolidated entity consisting of Xref Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Xref Limited's functional and presentation currency.

Xref Limited is a public listed company, limited by shares (ASX:XF1), incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 20, 135 King Street,
Sydney NSW 2000 Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2024. The directors have the power to amend and reissue the financial statements.

FY2024 Letter to Shareholders

Welcome to Xref's 2024 annual report. In 2024, the Xref team worked hard to bring about one of the biggest and most important transformations in our history.

We extended our narrative from purely reference checking to solutions offered throughout the entire talent journey, from 'Hire to Retire'. The new Enterprise Platform, Xref Engage and Trust Marketplace all support this journey and they presented opportunities to cross-sell and upsell new products to existing and new clients throughout the year.

Despite recruitment levels being materially down during the year, revenue remained relatively flat when compared to the preceding year. This was due mainly to the migration of clients to subscription agreements and the decoupling of revenue away from traditional recruitment trends. The increase in new business sales during the second half and the ability to cross-sell the Engage platform to pre-existing clients also helped retain revenue levels in very tough market conditions.

Clients welcomed the migration to the new Enterprise Platform, having access to integrated background checks via Trust Marketplace and engagement surveys via Engage. Due to the success of our 'Hire to Retire' product strategy, we decided to continue our investment in product development. To balance our investment in the challenging market we reduced costs across the business. This included reductions in marketing, lease and travel costs along with an organisational restructure which resulted in lower costs and a return to a cash flow surplus in the final quarter.

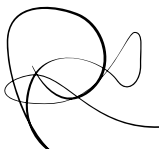
We pride ourselves on the feedback we receive from our clients and users. Following our pleasing client satisfaction survey results in 2023 we continued to receive excellent reviews and ratings from our clients and the users of our platforms via G2, Capterra, GetApp and Google.

In 2023, Xref began to use our Engage Platform to conduct internal engagement surveys to measure staff engagement, wellbeing and the overall progress of the business. Having now conducted our second annual survey, we are delighted that despite the tough market and significant internal change our employee engagement remained high.

During the year Xref delivered a new platform, narrative and business model, migrated the majority of its clients to SaaS, won new business and delivered landmark integrations. This was achieved while also reducing costs. As we experience the first signs of a recovering market, our focus remains on continuing the migration of clients to SaaS and the new Enterprise Platform and further cross-selling of Engage and Trust Marketplace. We are also focusing on further development in the areas of client self service and self-sign-on and implementing creative integrations with external technology partners to deliver our services to their clients.

In May 2024, Xref decided to conduct a strategic review following enquiries from a number of parties regarding a potential acquisition of the company, this review process is ongoing and discussions are continuing with interested parties..

With our lean operating structure, scalable and improved technology and larger addressable market, we are well positioned for the next stage of our growth.



Lee-Martin Seymour
Founder, CEO, Exec Director.

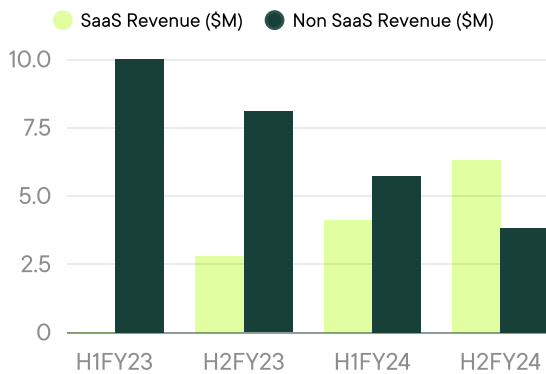
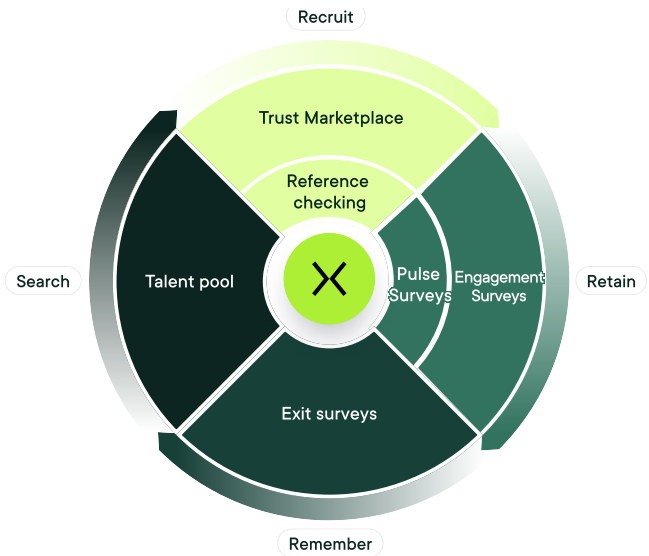
A transformative year

Intro

A new platform, narrative and business model

As Xref has expanded its offering from servicing just recruitment, it has extended its total addressable market tenfold and has shifted Xref's global business model from a solely usage-based model to a SaaS subscription model. This has allowed Xref to decouple its revenue recognition from short term recruiting trends and to provide services for the broader employee base of its clients. Key strategic goals for FY24 included:

- Migration of existing clients to the New Enterprise Platform
- Migration of clients across to SaaS subscriptions from pre-existing credit based agreements.
- Assimilation of newly acquired Voice Project to Xref Engage including product integration and cross sell



SaaS

\$11M SaaS Revenue

+296%

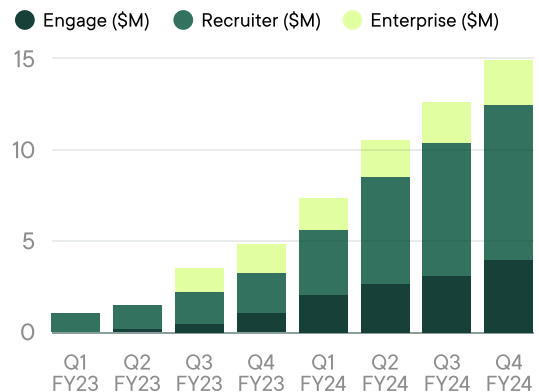
Xref has focused on transitioning current and new clients to SaaS subscription agreements. So far, 906 clients have transitioned to SaaS contracts and a further 120 new clients signed SaaS contracts in FY24. As a result, the amount of previously sold credits that remained unused fell 55% during the year to \$3.9m. Clients from all cohorts welcomed the opportunity to move to subscription contracts including 93% of all new clients won during the year. Xref is now focused on transitioning the remaining accounts to further grow SaaS revenues. The move to SaaS has reduced fluctuations in revenue recognition commonly associated with seasonality or downturns in hiring.

ARR

\$15M ARR

+209%

As a result of the transition to SaaS, Annualised Recurring Revenue (ARR) grew 209% to \$15m since the \$5.6m reported in July 2023. More specifically, the Xref platform grew in ARR 280% from \$3.2m to \$12.4m in FY24 and Engage grew 53% from \$1.6m to \$2.5m. Sales in the New Enterprise Platform increased ARR 260% from \$1.1m to \$4m in FY24. ARR is expected to continue to increase as remaining clients move to new subscription agreements, clients using the Recruiter platform migrate to the Enterprise Platform and the split of SaaS to Non-SaaS revenue for Engage increases.



2176

Global clients

92%

Client Satisfaction

4.7 ★★★★★

Client rating

4.7 ★★★★★

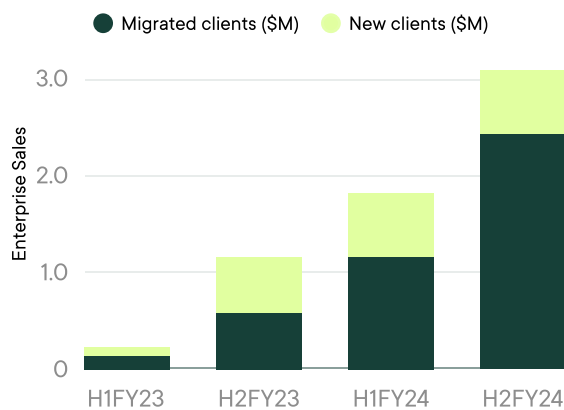
User rating

Enterprise

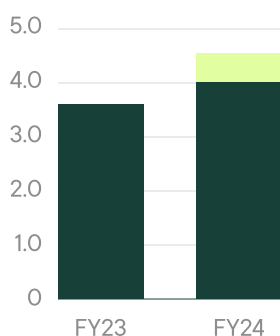
Enterprise Platform Sales

+296%

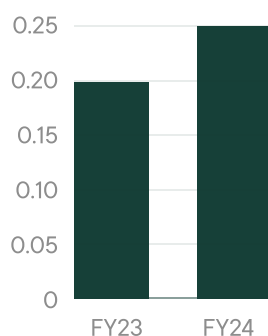
The enterprise platform was released in October 2022. Since then, Pulse surveys and Background checks have been added to the available product line up and in July 2023 the newly acquired Voice Project platform was rebranded to Xref Engage and integrated as a premium add-on. 355 pre-existing clients have been migrated to the new platform and 183 new clients have been onboarded, 120 of which joined the platform in FY24. Sales of Xref Enterprise grew 272% from \$1.3m in FY23 to \$5m in FY24.



● Cross Sell into Xref (Sales \$M)
● Voice Project Clients (Sales \$M)



● Survey Respondents Sold (M)



Engage

Engage Platform Sales

+26%

Xref acquired Voice Project in 2023. This created the opportunity for cross-selling by giving Voice Project's 944 clients access to Xref's complementary services and offering Voice Project's services to Xref's 1,300 enterprise clients and 15,000 users. Having rebranded the Xref sales team began cross selling Engage to Xref customers in November 2023. Xref sales contributed 14% of growth for FY24. Total sales grew 25% to \$4.5m when compared to FY23.

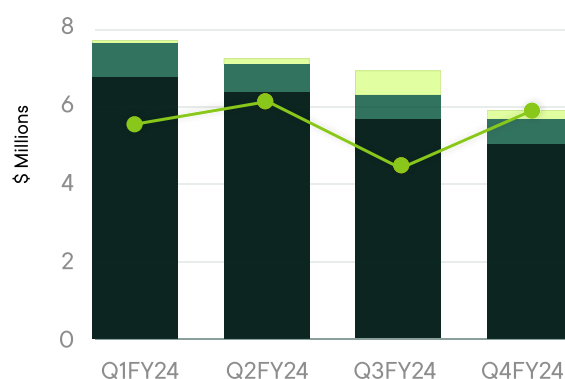
Expenses

Cash Expenses

-23%

Quarterly operating expenses reduced 23% across the year to to \$6m in Q4. This has been achieved by reductions in headcount, lease costs and marketing. Following an organisation restructure in January 2024 headcount reduced 25% to 99. During the year, Xref primarily focused on the retention and growth of current clients by expanding their use of the platform and migrating them to subscription agreements as a result marketing costs reduced 72% when compared to FY23. Exiting two lease agreement and moving to a serviced office reduced lease costs by 30%. Total cash collections for the year were \$22.2m (not including proceeds from the loan facility secured in February 2024) and the business managed to return a cash surplus in the final quarter of the year.

● Cash Collected - Operating ● Cash Spent - Financing
● Cash Spent - Investing ● Cash Spent - Operating



99

Employees

81%

Employee Engagement

84%

Employee Retention

55%

Females in Leadership

0%

Gender Pay Gap

Chairman's report

Dear Shareholders,

I am pleased to present the Xref annual report for the year ended 30 June 2024.

A year of transformation

It has been another significant year for product innovation and transformation. Your Company achieved significant progress in migrating clients to our SaaS subscription service which has grown from zero 18 months ago to more than 60% of our revenue today. As a result, Annualised Recurring Revenue (ARR) almost tripled from \$5.6m in July 2023 to \$15m in June 2024. ARR is forecast to continue to increase as remaining clients transition to a subscription agreement. This increasingly gives Xref more predictable revenue going forward, and makes it less susceptible to fluctuating recruitment demand.

Xref has successfully expanded from an automated reference checking service to a company providing a comprehensive range of human resource services including reference checks, pulse surveys, detailed engagement surveys, and exit surveys. These are now offered on the new enterprise platform based on subscription agreements.

The acquisition of Voice Project last year is now fully integrated into the Xref platform and is generating good cross sell opportunities. Voice Project has proven to be a valuable addition to Xref by accelerating our growth into the engagement survey market which provides a source of revenue based on our clients total workforce not just their recruitment activity.

The core products offered via the subscription-based enterprise platform are augmented by our Trust Marketplace which provides access to many verification services including:

- Identity verification;
- Graduate verification;
- Police Checks; and
- VISA and right to work checks.

During the year we consolidated our staff into one new office in the Sydney CBD allowing us to close the Xref offices in the Rocks and the Voice Project office in Macquarie Park. This has enhanced collaboration between our business units and supports innovation and drives synergy benefits.

Debt & Cash

We terminated the \$5m debt facility with Pure Asset Management and replaced it with a \$8.4m facility with Element SaaS Finance, a US based SaaS-focused debt provider. The remaining warrants held by Pure Asset Management expired and were not replaced, thus avoiding equity dilution as part of the new debt facility. The additional funding provided by the new facility allowed us to complete key product releases.

Net cash used in operations for the year was \$0.7m. This was skewed to the first half. The Company reduced headcount by 25% in Q3 which resulted in the second half making an EBITDA profit and generating a small positive operating cash flow. Net cash at the end of the year was \$4.6m.

The business also streamlined operations during the year as part of driving efficiencies, and this included consolidating the UK-based sales and support to North America. We also augmented our Australian-based development team with a cost-effective development team based in Lahore, Pakistan.

Financial performance

2024 saw reduced recruitment activity as reported by most companies operating in the HR and recruitment market.

Despite the market headwinds, revenue of \$19.9m was down only 3% from \$20.4 in the prior year thanks to our migration to our subscription platform and the addition of engagement services. EBITDA for the year was a loss of \$1.7m largely due to the Company choosing to complete key product development in the first half. The second half returned to an EBITDA profit following the reduction of staff numbers during Q3 and the streamlined operations.

Channel partners

Xref added a number of new channel partners during the year including more Applicant Tracking System (ATS) providers such as Dayforce and UKG, and job board providers such as Seek and Workplacer.

Looking forward, Xref will continue to explore additional channel partners and checking vendors for our Trust Marketplace platform. This will involve adding more creative ways to integrate with the Xref API, launching self-sign-on for enterprise clients and migration of more customers to the SaaS platform.

Strategic review

Following a number of enquiries from private equity firms, the Board decided to undertake a review of the Company's growth strategy and capital structure. As part of this review, we have entered into non-disclosure agreements with a number of parties and discussions are continuing.

Employee engagement

Despite the challenging market and the significant transformation undertaken by Xref in the last year, we are proud to have maintained a high level of staff engagement as evidenced by our staff surveys. I would like to thank our staff for their commitment and contribution as we re-invented Xref.

In conclusion

It is remarkable how much we have transformed and enhanced the Xref platforms despite the softer market and our reduced staff numbers. This adaptability gives me optimism for the potential of Xref going forward. The team has built a platform of greater value to our clients and one that gives Xref a competitive advantage. It places Xref in a strong position to grow revenue and earnings with its broader offering as the market recovers.

Finally, I would like to thank our shareholders for their ongoing support during the transformation of our business.



Tom Stianos
Chairman

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Xref Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Xref Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Thomas Stianos
- Lee-Martin Seymour
- Nigel Heap
- Lija Wilson (resigned 18 July 2023, effective 31 July 2023)

Principal Activities

During the financial year, the consolidated entity continued to conduct its core activity which was to develop human resources technology that helps organisations reduce staff turnover through better hiring and employee engagement. It also embarked on rolling out the new enterprise platform and subscription model to new and pre-existing clients.

Dividends

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

Operating and Financial Review

The loss for the Group after providing for income tax amounted to \$5,681,097 (30 June 2023: loss of \$3,359,340).

Review of Operations

FY2024 was a year of transformation and resilience for Xref. The company successfully navigated challenging market conditions while implementing significant strategic changes. During the financial year the company:

- extended its narrative from purely reference checking to solutions offered throughout the entire talent journey, from 'Hire to Retire';
- launched the new Enterprise Platform, Xref Engage, and Trust Marketplace, supporting cross-selling and upselling opportunities;
- successfully migrated clients to the new Enterprise Platform and subscription agreements, decoupling revenue from traditional recruitment trends;
- integrated Voice Project and cross sold services, providing a buffer against tough market conditions in recruitment and contributing increased sales of \$4.5m;
- implemented cost reduction measures, including a 25% headcount reduction between November and January as part of a organisation restructure;
- closed UK operations in November 2023, moving all sales and support for Europe, United Kingdom and Ireland to North America;
- consolidated office space by closing Xref's Rocks office and Voice Project's Macquarie Park office, moving to flexible shared offices in Sydney CBD;
- onboarded creative API integration partnerships with large ATS providers such as Dayforce and UKG, as well as job boards like SEEK and Workplacer; and
- maintained outstanding customer satisfaction and employee engagement levels despite significant internal changes.

The company has shown resilience in the face of continued market challenges, focusing on product evolution and operational efficiency.

Review of Financial Performance

The Group's financial results for FY24 reflected both the challenging market conditions and the strategic investments made.

Key financial highlights:

- Net Loss After Tax: \$5.68m (compared to \$3.36m in FY23)
- EBITDA Loss: \$1.79m (compared to EBITDA loss of \$1.42m in FY23)
- Net cash used in operations: \$0.7m (compared to \$0.5m generated in FY23)
- Cash at bank as of 30 June 2024: \$4.6m
- Annual Recurring Revenue (ARR) at 30 June 2024: \$15m

Key financial highlights:

- Revenue remained relatively stable despite recruitment levels being materially down, primarily due to the migration of clients to subscription agreements
- Voice Project (acquired in January 2023) contributed \$4.5m to sales
- Debt was refinanced from \$5m to \$8.4m, netting additional funds of \$3.0m after costs, which was used to continue expanding product offerings
- The company saw improved performance in the second half of FY24:
 - net loss after tax was \$4.08m for H1FY24, reducing to \$1.6m in H2FY24 due to scaling back of costs
 - EBITDA loss was \$2.06m for H1FY24, turning to a positive EBITDA of approximately \$0.3m in H2FY24
 - positive cash surplus from operations in H2FY24, compared to \$1m net cash used in H1FY24

The company's focus on cost management and transition to a SaaS business model showed positive results in the latter half of the year, positioning Xref for improved financial performance as market conditions recover.

2024 Operating Results

Financial Summary	2024 \$	2023 \$	Change %
Total revenue	19,859,555	20,398,912	(3)%
EBITDA	(1,793,590)	(1,417,924)	(26)%
Net profit/(loss) after tax	(5,681,097)	(3,359,340)	(69)%
Net cash generated from operating activities	(678,797)	454,402	(249)%

Business results	2024 \$	2023 \$	Change %
Xref Platform	14,046,848	16,018,222	(12)%
Trust Marketplace	1,835,660	2,620,628	(30)%
Xref Engage	3,977,047	1,760,062	126%
Total revenue	19,859,555	20,398,912	(3)%
Cost of sales	(2,529,664)	(3,252,179)	22%
OPEX	(20,063,470)	(17,027,162)	(18)%
Share based payments	92,820	(1,605,954)	106%
Total Expenses	(22,500,314)	(21,885,295)	3%
Other income	847,169	68,459	1,137%
Depreciation & amortisation	(2,909,010)	(1,365,987)	(113)%
Operating profit	(4,702,600)	(2,783,910)	(69)%
Finance income	37,894	59,465	(36)%
Finance expense	(1,002,596)	(616,678)	(63)%
Income tax expense	(13,795)	(18,217)	24%
Net profit after tax	(5,681,097)	(3,359,340)	(69)%

EBITDA	2024 \$	2023 \$	Change %
Net profit after tax	(5,681,097)	(3,359,340)	(69)%
Add back: net interest income and expense	964,702	557,213	(73)%
Add back: net depreciation and amortisation	2,909,010	1,365,987	(113)%
Add back: income tax expense	13,795	18,217	24%
EBITDA	(1,793,590)	(1,417,924)	(26)%

Likely developments, business strategies and prospects

Looking ahead to FY25, Xref is well-positioned for growth as the market shows early signs of recovery. The company's focus areas will include:

1. Sales Growth:

- upsell and cross-sell Xref Engage to existing clients
- explore more creative ways to integrate the Xref API
- onboard further vendors to the Trust Marketplace
- launch self-sign-on for enterprise customers
- continue migrating existing customers to SaaS and the new Enterprise Platform

2. Expense Management:

- Maintain focus on cash management
- Continue to drive efficiency and scale

3. Product Development:

- Further development in client self-service and self-sign-on areas
- Develop creative integrations with external technology partners

With its lean operating structure, improved and scalable technology, and larger addressable market, Xref is well prepared for its next stage of growth. The company will continue to leverage its expanded product suite, focusing on increasing wallet share with existing clients and attracting new enterprise customers.

Key Risks

This section sets out some of the potential risks associated with Xref's business and the industry in which it operates. Xref is subject to risk factors that are both specific and those that are more general in nature. Any of these risk factors may, if they eventuate, have an adverse effect on Xref's business, financial position, operating and financial performance, growth and/or the value of its shares. Many of the circumstances giving rise to these risks and the occurrence of consequences associated with each risk are partially or completely outside of Xref's control.

Economic Factors

The operating and financial performance of Xref is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, foreign exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on Xref's business and financial performance including its ability to fund its activities.

Regulatory risk, government policy

Xref conducts business in Australia and other countries and is therefore exposed to the laws governing businesses in those countries. Changes in government regulations including taxation, the repatriation of profits, restrictions on production, export controls, environmental compliance, shifts in the political stability of the country, labour unrest and other adverse political events could adversely affect Xref and its business initiatives in Australia, Asia Pacific, Europe, North America and other countries.

Competitive market

Industries in which Xref operates are subject to technological change and competition. Barriers to entry into the industry that Xref operates in are not high, and there is a risk that increased competition from new or existing competitors (some of which have access to more resources and scale than Xref) emerges in the Australian, Asia Pacific, European & North American market in the future.

Management believes that Xref's product and service offerings have a strong competitive advantage and features which are advanced compared to its competitors. Expansion to new products will also ensure the minimisation of competitive trends and its impact on penetration and revenues.

Key personnel

Xref's success will depend in part on the continued services of its key employees. The loss of services of one or more of Xref's key employees could have a material adverse effect Xref's operating results, and financial condition. This risk is addressed in part by the existence of employment contracts with executives and senior management. Xref does not have, nor does it intend to take out, key man insurance in respect of any of its key employees.

Regulatory compliance

Xref is subject to several Australian, European & North American laws and regulations such as privacy laws, and those related to workplace health and safety. Xref conducts periodic internal audits and compliance reviews to identify and manage potential risks to ensure continued compliance.

Cyber Security, privacy and data breach

Xref handles personal and sensitive information. Cyber-attacks are increasing worldwide in frequency and severity. No information technology environment is impenetrable. As a result, Xref maintains appropriate actions, systems and safeguards to protect against data breaches and aims to keep a low risk of the adverse consequences arising from a breach on Xref's business and operations. This includes continuous training of privacy and data breach policies during the induction process of the workforce. Xref also conducts regular training sessions for all staff concerning privacy, cybersecurity and data breaches.

Reliance on third parties and the Internet

The operation of Xref's business is reliant on the performance and availability of Xref's technology and that of its suppliers and other third parties such as data centres. In addition, the Xref platforms depend on the availability of the internet and to a lesser extent on the quality of users' access to the internet.

Intellectual Property may be Compromised or Lost

Xref has developed proprietary software. The commercial value of Xref's intellectual property is reliant, in part, on operational procedures to maintain the confidentiality and legal protections provided by a combination of confidentiality obligations on employees and third parties and other intellectual property rights. There is a risk that Xref's intellectual property may be compromised in a few different ways, which could erode Xref's competitive position and could have a materially adverse impact on Xref's operations, financial performance and/or growth.

Going concern / cashflow risks / funding risks

Xref has implemented and followed a strategic plan to build new products to expand its service offering to the market to help diversify revenue streams. This has required an investment of funds from surpluses built up in prior years. All of this has been performed while the world economy has experienced a downturn. The investment of funds into product builds has reduced reserves carried by Xref. If not managed well it could have the result of cash reserves falling below the covenant value attached to the loan or cashflow is unable to supporting operational expenditure. Management has implemented extensive measures to monitor cashflows and ensure Xref remains a going concern. A robust planning model exists which contains key scenarios to follow dependent on sales results. As proven by past actions, where cost reductions are required, they are implemented as needed in an appropriate time frame to achieve the necessary result.

Significant changes in the state of affairs

Several significant changes occurred during FY24 that materially altered the company's operations and strategic direction:

1. Acquisition and integration of Voice Project: The acquisition of Voice Project in January 2023, was fully integrated into Xref's operations and rebranded as Xref Engage. This strategic acquisition expanded Xref's product offerings and addressable market in the global hire-to-retire sector.
2. Debt Refinancing: The company successfully refinanced its debt from \$5m to \$8.4m through a US SaaS-focused equity debt provider. This refinancing, completed in February 2024, provided additional funds of \$3.0m after costs, which were used to expand product offerings.
3. Operational Restructuring: Xref implemented significant operational changes, including:
 - closure of UK operations in November 2023, with sales and support for Europe, United Kingdom and Ireland moved to North America.
 - A 25% headcount reduction between November and January as part of a company-wide restructure.
 - Consolidation of office spaces in Sydney, moving to flexible shared offices in the CBD.
4. Strategic Review: In May 2024, the company initiated a strategic review following enquiries from private equity regarding potential acquisition. This process is ongoing.
5. Business Model Transformation: The company substantially completed its transition to a SaaS business model, migrating a majority of clients to subscription agreements. This shift helped decouple revenue from traditional recruitment trends and seasonal fluctuations.

These changes collectively represent a significant evolution in Xref's business model, technology platform, operational structure and strategic positioning, setting the foundation for future growth and adaptability in a dynamic market environment.

Events arising since the end of the reporting period

As announced on 21 May 2024 the board of directors of Xref initiated a strategic review following enquiries from private equity regarding a potential acquisition of the company. This review process is ongoing.

No other matters or events requiring adjustments have arisen since 30 June 2024 that relate to circumstances that existed as on the balance sheet date.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Thomas Stianos
Title:	Non-Executive Chairman
Qualifications:	B. App Sc
Experience and expertise:	Mr Stianos is widely recognised as one of the most successful and experienced leaders in the IT industry. He is currently the Chairman of Soco Limited (ASX:SOC), a non-executive director of Gale Pacific Limited. (ASX: GAP) & Chairman of Escient. He was also previously a non-executive director of Inbox Group Limited & Managing Director of SMS Management & Technology Limited. Mr Stianos has also previously held senior positions with the Department of Premier and Cabinet, Department of Justice, and Department of Treasury & Finance. He holds a Bachelor of Applied Science from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors (FAICD)
Date of appointment as a director	14 October 2021
Other current directorships:	Chairman of Soco Limited (ASX:SOC), Non-Executive director of Gale Pacific Limited (ASX:GAP), Chairman of Escient
Former directorships (last 3 years)	Non-Executive director of Inbox Group Limited, Chairman of Empired Limited (ASX:EPD)
Special responsibilities:	Chairman of the Remuneration & Nomination Committee and Member of the Audit & Risk Committee
Interests in shares:	200,000
Interests in options:	1,800,000
Contractual rights to shares:	None

Name:	Lee-Martin Seymour
Title:	Managing Director and Chief Executive Officer
Qualifications:	None
Experience and expertise:	Lee-Martin Seymour is the founder of Xref. He has 22 years recruitment experience across many geographic and market sectors. For 14 years Lee worked for one of the world's largest specialist recruitment companies. As a result, he understands the demands of the employment market and is passionate about pioneering positive change for the long term. As a serial entrepreneur Lee has identified and successfully leveraged market opportunities to aid innovation in the employment sector.
Date of appointment as a director	18 January 2016
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration & Nomination Committee (appointed 14 August 2023) Member of the Audit & Risk Committee (appointed 14 August 2023)
Interest in shares:	31,740,108
Interests in options:	None
Contractual rights to shares:	None

Name:	Nigel Heap
Title:	Non-Executive Director
Qualifications:	LLB, AMP
Experience and expertise:	Nigel has been a non-executive director at Xref since 2016 and is Chairman of the Audit & Risk Committee. He has 34 years of experience in the recruitment industry and spent his career at Hays PLC, one of the world's largest recruitment companies. Nigel joined Hays UK in 1988 as a trainee consultant. By 1997, he was Managing Director of Hays Australia, and consequently expanded operations to New Zealand, Hong Kong, China, Japan, Singapore and Malaysia. This led to his appointment as Managing Director of Asia Pacific. In 2012 he was appointed UK & Ireland Managing Director and Chairman of the Asia Pacific business and in 2017 Nigel was appointed Managing Director of 12 countries in the EMEA region. Nigel was also a member of the Management Board for many years until he left Hays in 2022
Date of appointment as a director	18 August 2016
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit & Risk Committee and Member of the Remuneration & Nomination Committee
Interests in shares:	32,103
Interests in options:	900,000
Contractual rights to shares:	None

Name:	Lija Wilson
Title:	Non-Executive Director
Qualifications:	BCom
Experience and expertise:	Lija Wilson is the CEO and Founder of award-winning digital talent platform, Puffling, which launched in 2017 to design solutions to support diverse hiring and flexible work best practices. Prior to this, she held CMO-level roles at various organisations, including TEDx, Qantas Group and Fairfax Media. She is also a global ambassador for Flexible Work Day. Through her current work in Puffling, Lija has worked as a senior level career coach and advisor, further crediting her passion for developing and mentoring top female talent, particularly in tech.
Date of appointment as a director	2 June 2021
Date ceased to be a director	31 July 2023
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration & Nomination Committee (ceased 31 July 2023) Member of the Audit & Risk Committee (ceased 31 July 2023)
Interests in shares:	None
Interests in options:	600,000
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Key Management Personnel

Chief Financial Officer / Chief Operating Officer

James Solomons, BCom, FCA, CTA, GAICD

James is a chartered accountant with over 23 years of experience within the accounting and corporate finance industry. He has held various roles within the sector and has positioned himself as a leader in the accounting technology space bringing with him to Xref over 5 years of experiences as Xero Australia's Head of accounting. A successful entrepreneur in his own right, James has a deep understanding of the need to find a balance between investing for growth whilst maintaining strong corporate governance processes across the business.

Chief Technology Officer

Sharon Blesson

Recognised for her ability to bridge the gap between IT and business, Sharon has a rich history of program management in both delivery and operational environments. She has developed excellent leadership skills and expertise in managing diverse teams while providing motivation and strategic vision. Prior to joining Xref, Sharon spent over a year as director of the project management office at the Ivy College in Sydney. In a prior role, she was a major corporate client manager at Square Peg, and also an IT&T Project Manager for recruitment specialists Hays.

Company Secretary

Robert Waring, BEc, ACA, FCIS, ASIA, FAICD

Robert has more than 45 years of experience in financial and corporate roles, including more than 28 years in company secretarial and director roles for ASX-listed companies. He is a director of Oakhill Hamilton Pty Ltd, a company that provides secretarial and corporate advisory services to a range of listed and unlisted companies. He is also the Company Secretary of ASX-listed companies Aeris Environmental Ltd and Vectus Biosystems Limited.

Meetings of directors

The number of meetings of the company's Board of Directors and of each Board committee held during the 2023-24 financial year, and the number of meetings attended by each Director were as follows:

	Board meetings held 14	Audit and Risk Committee meetings held 5	Remuneration and Nomination Committee meetings held *** 0	Disclosure Committee meetings held 0
Directors	Attended	Attended	Attended	Attended
Thomas Stianos *	14	5	-	N/A
Lee-Martin Seymour	13	1	-	N/A
Nigel Heap **	13	4	-	N/A
Lija Wilson	-	-	-	N/A

* Chairman of the Remuneration & Nomination Committee.

** Chairman of the Audit and Risk Committee.

*** Remuneration matters were covered within regular board meetings during the year.

The Board has a Disclosure Committee, which meets as and when required to approve announcements when the full Board is not available for this purpose. It was not required to meet this past year.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness

- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives
- increasing return on assets as well as focusing the executive on key non-financial drivers of value

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. In the Prospectus dated 23rd December 2015, noted on page 18 the current maximum annual aggregate remuneration for directors was shown as \$200,000. This has changed and a resolution was passed at the 2016 AGM that the maximum aggregate cash-based remuneration payable to Non-Executive Directors in any financial year be increased by \$300,000 from \$200,000 to \$500,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long-term performance incentives
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') are primarily share based payments in the form of Options or Shares. Options or Shares are awarded to executives with vesting conditions that are determined appropriate by the Remuneration & Nomination Committee at the time of awarding and can include Options or Shares that vest over time, on achievement of performance hurdles or in some circumstances vest immediately.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of the short term incentive and incentive payments are dependent on defined financial targets being met. For the financial year ended 30 June 2024, revenue is the financial target. Any remaining portion of cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee.

Operating revenue between the financial years ended 30 June 2021 and 30 June 2024 are summarised below:

	2021 \$	2022 \$	2023 \$	2024 \$
Operating Revenue	14,454,868	18,591,434	20,398,912	19,859,555

The Remuneration and Nomination Committee is of the opinion that the consistent results achieved despite the challenging economic conditions can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years

Use of remuneration consultants

The committee has not engaged the service of remuneration consultants in determining the above remuneration arrangements for financial year ended 30 June 2024.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Group consisted of:

- Thomas Stianos - Non-Executive Chairman
- Lee-Martin Seymour - Managing Director & Chief Executive Officer
- Nigel Heap - Non-Executive Director
- Lija Wilson - Non-Executive Director
- James Solomons – Chief Financial Officer / Chief Operating Officer
- Sharon Blesson – Chief Technology Officer
- Robert Waring – Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Thomas Stianos	114,400	-	-	12,584	-	-	-	126,984
Nigel Heap	57,200	-	-	6,292	-	-	-	63,492
Lija Wilson *	4,767	-	-	524	-	-	-	5,291
<i>Executive Directors:</i>								
Lee-Martin Seymour	382,021	24,085	-	27,399	-	-	-	433,505
<i>Other Key Management Personnel:</i>								
James Solomons	375,882	22,630	-	30,271	-	-	4,000	432,783
Sharon Blesson	349,773	22,630	-	27,399	-	-	4,000	403,802
Robert Waring	68,750	-	-	-	-	-	-	68,750
	<u>1,352,793</u>	<u>69,346</u>	<u>-</u>	<u>104,469</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>1,534,607</u>

* Represents remuneration from 1 July 2023 to 31 July 2023

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Thomas Stianos	110,000	-	-	11,550	-	-	-	121,550
Nigel Heap	55,000	-	-	5,775	-	-	-	60,775
Lija Wilson	55,000	-	-	5,775	-	-	-	60,775
<i>Executive Directors:</i>								
Lee-Martin Seymour	379,572	-	-	28,428	-	-	-	408,000
<i>Other Key Management Personnel:</i>								
James Solomons	353,208	-	-	27,865	-	-	25,050	406,123
Sharon Blesson	354,433	-	-	27,994	-	-	25,050	407,477
Robert Waring	84,203	-	-	-	-	-	62,550	146,753
	<u>1,391,416</u>	<u>-</u>	<u>-</u>	<u>107,387</u>	<u>-</u>	<u>-</u>	<u>112,650</u>	<u>1,611,453</u>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Thomas Stianos	100%	100%	-	-	-	-
Nigel Heap	100%	100%	-	-	-	-
Lija Wilson *	100%	100%	-	-	-	-
Executive Directors:						
Lee-Martin Seymour	94%	100%	6%	-	-	-
Other Key Management Personnel:						
James Solomons	94%	100%	6%	-	-	-
Sharon Blessom	94%	100%	6%	-	-	-
Robert Waring	100%	100%	-	-	-	-

* Ceased to be a director on 31 July 2023

Voting and shareholder comments at the AGM held in 2023

The Company received 42.38% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2023. As more than 25% of the votes cast were against the adoption of the Remuneration Report this constitutes a first "strike" for the purposes of the Corporations Act 2001 (Cth).

Other transactions with key management personnel and their related parties

Payments for company secretarial services from Oakhill Hamilton Pty Ltd (related entity of Robert Waring) of \$68,750 (ex GST) and payments for storage facilities from West Riding Investments Pty Limited (related entity of Lee-Martin Seymour) of \$8,006 (ex GST) were made.

All transactions were made on normal commercial terms and conditions and at market rates.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Lee-Martin Seymour
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2023
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2024 of \$353,215 p.a. plus superannuation, plus \$20,800 car allowance to be reviewed annually by the Remuneration and Nomination Committee. 3 months termination notice by either party. Discretionary bonus may be paid as per Remuneration and Nomination Committee approval and KPI achievement. Non-solicitation and non-compete clauses exist.
Name:	James Solomons
Title:	Chief Financial Officer & Chief Operating Officer
Agreement commenced:	1 July 2023
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2024 of \$328,973 p.a. plus superannuation, plus \$20,800 car allowance to be reviewed annually by the Remuneration and Nomination Committee. 3 months termination notice by either party. Discretionary bonus may be paid as per Remuneration and Nomination Committee approval and KPI achievement. Non-solicitation and non-compete clauses exist.

Name:	Sharon Blesson
Title:	Chief Technology Officer
Agreement commenced:	1 July 2023
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2024 of \$328,973 p.a. plus superannuation, plus \$20,800 car allowance to be reviewed annually by the Remuneration and Nomination Committee. 3 months termination notice by either party. Discretionary bonus may be paid as per Remuneration and Nomination Committee approval and KPI achievement. Non-solicitation and non-compete clauses exist.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 and 30 June 2023 are set out below:

Name	No. of Shares Granted 2024	No. of Shares Granted 2023
Thomas Stianos	-	-
Nigel Heap	-	-
Lija Wilson	-	-
Lee-Martin Seymour	-	-
James Solomons	-	-
Sharon Blesson	-	-
Robert Waring	-	-

Options granted carry no dividend or voting rights

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Number of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Number of Options Granted during the year		Number of Options Vested during the year	
	2024	2023	2024	2023
Thomas Stianos	-	-	-	600,000
Nigel Heap	-	-	-	300,000
Lija Wilson *	-	-	-	300,000
Lee-Martin Seymour	-	-	-	-
James Solomons	2,000,000	105,000	2,000,000	-
Sharon Blesson	2,000,000	105,000	2,000,000	-
Robert Waring	-	355,000	-	-

Details regarding the exercise price and valuation of the above options can be found in Note 24.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Thomas Stianos	200,000	-	-	-	200,000
Nigel Heap	32,103	-	-	-	32,103
Lija Wilson	-	-	-	-	-
Lee-Martin Seymour	31,740,108	-	-	-	31,740,108
James Solomons	13,957	-	30,000	-	43,957
Sharon Blesson	350,000	-	30,000	(30,000)	350,000
Robert Waring	276,350	-	-	-	276,350
	<u>32,612,518</u>	<u>-</u>	<u>60,000</u>	<u>(30,000)</u>	<u>32,642,518</u>

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Thomas Stianos	1,800,000	-	-	-	1,800,000
Nigel Heap	900,000	-	-	-	900,000
Lija Wilson *	900,000	-	-	(300,000)	600,000
Lee-Martin Seymour	-	-	-	-	-
James Solomons	2,405,000	2,000,000	30,000	(2,360,000)	2,075,000
Sharon Blesson	2,516,111	2,000,000	30,000	(2,471,111)	2,075,000
Robert Waring	388,543	-	-	(33,543)	355,000
	<u>8,909,654</u>	<u>4,000,000</u>	<u>60,000</u>	<u>(5,164,654)</u>	<u>7,805,000</u>

* Ceased to be a director on 31 July 2023

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Share Options on issue

As at the date of this report the total number of the unissued ordinary shares of the Company under option is 14,792,600.

Full details of each parcel of options, their expiry date and exercise price can be found in Note 24.

Share issued on the exercise of Options

No shares were issued as a result of exercise of options over ordinary shares during the year. (FY23: None)

During the course of the financial year 160,000 options were exercised through the Xref Employee Option Plan. The exercise requests were satisfied through the use of the Xref Employee Share Trust and as a result no additional shares were issued.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor as outlined in Note 8 to the financial statements.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Corporate Governance

The Group's Corporate Governance Statement and Appendix 4G checklist are released to ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance manual can be found on the Company's website at <https://xf1.com/#resources>.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Lee-Martin Seymour
Managing Director
28 August 2024
Sydney



Thomas Stianos
Chairman
28 August 2024
Sydney

Auditor's Independence Declaration Under Section 307c of the *Corporations Act 2001* to the Directors of Xref Limited

As lead engagement partner, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely,



Crowe Sydney



Barbara Richmond
Partner

28 August 2024
Sydney

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Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

		2024 \$	Consolidated 2023 \$
	Note		
Revenue	7	19,859,555	20,398,912
Cost of sales		<u>(2,529,664)</u>	<u>(3,252,179)</u>
Gross profit		<u>17,329,891</u>	<u>17,146,733</u>
Finance costs		(1,002,596)	(616,678)
Employee expenses		(14,355,162)	(11,834,421)
Overhead and administrative expenses	8	(5,708,308)	(5,192,741)
Share based payments		92,820	(1,605,954)
Depreciation	9	(884,498)	(509,261)
Amortisation	9	<u>(2,024,512)</u>	<u>(856,725)</u>
Total expenses		<u>(23,882,256)</u>	<u>(20,615,780)</u>
Operating profit/(loss)		<u>(6,552,365)</u>	<u>(3,469,047)</u>
Other income	7	<u>885,063</u>	<u>127,924</u>
Profit/(loss) before income tax expense		<u>(5,667,302)</u>	<u>(3,341,123)</u>
Income tax expense	10	<u>(13,795)</u>	<u>(18,217)</u>
Profit/(loss) after income tax expense for the year attributable to the owners of Xref Limited		<u><u>(5,681,097)</u></u>	<u><u>(3,359,340)</u></u>
Other comprehensive income, net of income tax		-	-
Exchange differences on translating foreign controlled entities		<u>192,196</u>	<u>(290,918)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>192,196</u>	<u>(290,918)</u>
Total comprehensive income/(loss) for the year attributable to the owners of Xref Limited		<u><u>(5,488,901)</u></u>	<u><u>(3,650,258)</u></u>
Earnings/(loss) per share for profit from continuing operations attributable to the owners of Xref		(cents)	(cents)
Basic earnings/(loss) per share	26	(3.04)	(1.81)
Diluted earnings(loss) per share	26	(2.92)	(1.81)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Assets			* Restated
Current assets			
Cash and cash equivalents	11	4,593,835	6,835,478
Trade and other receivables	12	2,757,148	2,774,414
Contract assets	13	978,688	1,149,378
Prepayments		523,720	906,904
Total current assets		8,853,391	11,666,174
Non-current assets			
Other assets*	14	127,925	255,177
Property, plant and equipment	15	221,688	638,972
Right of use asset	16	105,998	528,489
Intangibles *	17	11,047,785	10,013,206
Total non-current assets		11,503,396	11,435,844
Total assets		20,356,787	23,102,018
Liabilities			
Current liabilities			
Trade and other payables	18	2,535,426	2,578,932
Financial liabilities	19	1,220,970	849,871
Employee benefits	20	1,266,956	1,048,797
Contract liabilities	21	12,580,855	12,225,903
Other liabilities	22	523,256	812,000
Total current liabilities		18,127,463	17,515,503
Non-current liabilities			
Financial liabilities	19	7,133,219	4,482,469
Employee benefits	20	445,930	323,399
Contract liabilities	21	155,087	225,469
Deferred tax liability *	22	343,697	442,300
Other liabilities	22	-	685,000
Total non-current liabilities		8,077,933	6,158,637
Total liabilities		26,205,396	23,674,140
Net assets/(liabilities)		(5,848,609)	(572,122)
Equity			
Issued capital *	23	55,405,847	55,100,613
Reserves	24	(20,642,626)	(20,742,001)
Retained earnings		(40,611,830)	(34,930,734)
Total equity		(5,848,609)	(572,122)

The above statement of financial position should be read in conjunction with the accompanying notes.

* Refer Note 34 for details on restatement

Statement of Changes in Equity

For the year ended 30 June 2024

Consolidated	Issued capital * \$	Warrants \$	Share option reserves \$	Foreign currency translation reserve \$	Consolidation reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2023 (*restated)	55,100,613	308,571	2,638,363	(843,114)	(22,845,821)	(34,930,734)	(572,122)
Loss after income tax expense for the year	-	-	-	-	-	(5,681,096)	(5,681,096)
Other comprehensive income/(loss) for the year	-	-	-	192,195	-	-	192,195
Total comprehensive income/(loss) for the year	-	-	-	192,195	-	(5,681,096)	(5,488,901)
Transactions with owners in their capacity as owners							
Shares issued during the year	305,234	-	-	-	-	-	305,234
Options vested	-	-	218,780	-	-	-	218,780
Options forfeited	-	-	(311,600)	-	-	-	(311,600)
Options expired	-	-	-	-	-	-	-
Warrants exercised	-	-	-	-	-	-	-
Balance at 30 June 2024	<u>55,405,847</u>	<u>308,571</u>	<u>2,545,543</u>	<u>(650,919)</u>	<u>(22,845,821)</u>	<u>(40,611,830)</u>	<u>(5,848,609)</u>

For the year ended 30 June 2023 - Restated

Consolidated	Issued capital * \$	Warrants \$	Share option reserves \$	Foreign currency translation reserve \$	Consolidation reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2022	55,100,613	308,571	1,596,643	(552,196)	(22,845,821)	(32,135,628)	1,472,182
Profit after income tax expense for the year	-	-	-	-	-	(3,359,340)	(3,359,340)
Other comprehensive income/(loss) for the year	-	-	-	(290,918)	-	-	(290,918)
Total comprehensive income/(loss) for the year	-	-	-	(290,918)	-	(3,359,340)	(3,650,258)
Transactions with owners in their capacity as owners							
Options exercised	-	-	-	-	-	-	-
Options issued	-	-	1,605,954	-	-	-	1,605,954
Options lapsed	-	-	(79,399)	-	-	79,399	-
Options expired	-	-	(484,835)	-	-	484,835	-
Warrants exercised	-	-	-	-	-	-	-
Balance at 30 June 2023 (*restated)	<u>55,100,613</u>	<u>308,571</u>	<u>2,638,363</u>	<u>(843,114)</u>	<u>(22,845,821)</u>	<u>(34,930,734)</u>	<u>(572,122)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

* Refer Note 34 for details on restatement

Statement of cash flows

For the year ended 30 June 2024

		2024	Consolidated
	Note	\$	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		22,175,804	22,981,974
Payments to suppliers and employees (inclusive of GST)		(23,039,903)	(22,587,037)
Interest received		38,474	59,465
Other receipts		146,829	-
Net cash provided by / (used in) operating activities	28	<u>(678,797)</u>	<u>454,402</u>
Cash flows from investing activities			
Payment for intangibles		(3,066,538)	(2,515,407)
Payment for business acquisitions, net of cash acquired		-	(1,474,475)
Payment for acquisition transaction costs		-	(238,100)
Purchase of property, plant and equipment		<u>(52,314)</u>	<u>(112,120)</u>
Net cash used in investing activities		<u>(3,118,852)</u>	<u>(4,340,102)</u>
Cash flows from financing activities			
Proceeds from loans		8,106,072	-
Repayments of lease liabilities		(422,470)	(527,812)
Interest on loans		(1,002,596)	-
Repayment of financial liabilities		<u>(5,125,000)</u>	<u>(425,000)</u>
Net cash provided by / (used in) financing activities		<u>1,556,006</u>	<u>(952,812)</u>
Net increase/(decrease) in cash and cash equivalents held		(2,241,643)	(4,838,511)
Cash and cash equivalents at beginning of year		<u>6,835,478</u>	<u>11,673,989</u>
Cash and cash equivalents at end of financial year	11	<u><u>4,593,835</u></u>	<u><u>6,835,478</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Note 1. Reporting Entity

Xref Limited is a limited liability, ASX listed public company (limited by shares) incorporated on 28 January 2003 in New Zealand and from 21 September 2017 was domiciled in Australia. The address of its registered office, which is also a principal place of business, is Level 20, 135 King Street, Sydney, New South Wales, Australia 2000. Xref is a global HR technology company that automates pre-employment recruitment checks, employee engagement surveys, and exit interviews.

The financial statements cover Xref Limited as a Group consisting of Xref Limited and the entities it controlled at the end of, or during the year. A description of the nature of the Group's operations and its principal activities are included in the directors report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with resolution of the directors, on 28 August 2024. The directors have the power to amend and reissue the financial statements, should the need arise.

Note 2. Basis of Preparation

This Financial Report is a General Purpose Financial Report (the "GPFR") which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (Cth). Xref Limited is a for-profit company for the purposes of preparing this Financial Report.

The principal accounting policies adopted in the preparation of this Financial Report are set out in Note 3 Material accounting policies. These policies have been consistently applied to all the financial years presented and are applicable to both the Consolidated Entity and its subsidiaries.

a. Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that this Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report is compliant with IFRS.

b. Basis of measurement

This Financial Report has been prepared on a going concern basis using the historical cost convention except for the following items, as disclosed in the respective accounting policy:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL); financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that have been designated as FVTPL (DFVTPL)

c. Critical accounting estimates

The preparation of this Financial Report in compliance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes that the estimates used in preparing this Financial Report are reasonable. Nonetheless, it is possible that outcomes within the next financial year differ from management's assumptions and estimates, which may result in an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

d. Functional and presentation currency

These consolidated financial statements are presented in dollars which is the Company's functional currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements contained in the Financial Report, and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

Note 3. Material Accounting Policies

The group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Group. These policies have been consistently applied to all the years presented, unless otherwise stated.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

a. Principles of consolidation

The consolidated Financial Report reflects the financial performance and financial position of the Consolidated Entity. Subsidiaries are all those entities which the Consolidated Entity controls. The Consolidated Entity controls an entity where it has:

1. power to direct the relevant activities
2. exposure, or rights, to variable returns, and
3. the ability to utilise power to affect the entity's returns.

When the Group has less than a majority of the voting power or similar rights of another entity, the Group considers all relevant facts and circumstances in assessing whether it has power over the other entity.

The Group re-assesses whether it controls another entity if facts and circumstances indicate that there are changes in one or more of the three elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The determination of control is based on current facts and circumstances and is continuously assessed. The Consolidated Entity has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. The Consolidated Entity also considers the entity's purpose and design. If the Consolidated Entity determines that it has power over an entity, the Consolidated Entity then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

The effects of all transactions between subsidiaries in the Consolidated Entity are eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains but only to the extent that there is no evidence of impairment. The consolidation process involves adding together like items of assets, liabilities, income and expenses on a line-by-line basis. All significant intragroup balances are eliminated in presenting the consolidated financial statements.

Interests in subsidiaries are held at cost less impairment in the Parent.

b. Foreign currency translation

The financial statements are presented in Australian dollars (AUD), which is Xref Limited's functional and presentation currency.

Foreign currency transactions are translated into the functional currency of the Parent, using exchange rates prevailing at the dates of the transactions (i.e. the spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from measurement of monetary items denominated in foreign currency at year end exchange rates are recognised in the reported profit or loss. Non-monetary items measured at historical cost are not translated back at each year end, and only translated once using the exchange rate at the transaction date.

Non-monetary items measured at fair value are translated using the exchange rates at each reporting date.

The net balance of foreign exchange gains and losses that relate to monetary items (such as borrowings, cash and cash equivalents) are presented in the Statement of Comprehensive Income within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within "Other gains/(losses)".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in the Statement of Comprehensive Income as FVTPL. Translation differences on nonmonetary financial assets, such as equities classified as available for sale, are included in fair value movements disclosed within other comprehensive income.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Australian Dollars are translated into Australian Dollars upon consolidation.

Foreign currency gains and losses on intragroup loans are recognised in the income statement except where the loan is in substance part of the Consolidated Entity's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Consolidated Entity's Foreign Currency Translation Reserve ("FCTR"). The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:

- i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- ii. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- iii. all resulting exchange differences are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including any goodwill, are translated to AUDs at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AUD at spot exchange rates on the transaction dates.

Foreign currency differences are recognised on other comprehensive income and presented in FCTR within equity.

When a foreign operation is disposed of such that control is lost, the cumulative amount of the translation reserve related to the foreign operation is reclassified to the reported surplus or deficit as part of the gain or loss on disposal.

c. Trade debtors and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

d. Contract assets

Contract assets are recognised when the consolidated entity has transferred services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. Contract assets include commissions paid and are amortised as performance obligations are met and an unconditional right to consideration is established.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. The incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

e. Property, plant and equipment

Items of plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

The depreciation rates used for each class of depreciable asset are shown below:

Office Furniture	10-20 years
Office Equipment	3-20 years
Computer Equipment	3-5 years
Office Fit Out	Depreciated over lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

f. Right-of-use assets

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

g. Intangibles

In accordance with the Consolidated Entity's accounting policies, assets with an indefinite useful life are tested on an annual basis for impairment, and additionally, along with assets with a finite useful life, whenever an indication of impairment exists. An impairment loss is recognised for the amount by which the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value-in-use. Where required, the recoverable amount is determined either with reference to external valuations or estimated using discounted cash flow techniques. In this case, estimates specific to the asset or CGU are required to be determined, including forecast cash flows, long-term growth rates and discount rates (assessed at 17.0% in accordance with a report from an valuations expert). There was no material impairment or reversal of existing impairment recognised during the year.

Internally developed intangible assets (Capitalised development costs):

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the reported profit or loss when incurred.

Development activities include a plan or design for the production of new or substantially improved products. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the reported surplus and deficit when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any impairment losses.

Software

Significant costs associated with software development are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4, software acquired in business combinations are amortised over the assessed period of their expected benefit, being their finite life of 5 years.

Website

Significant costs associated with website development are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Domain

Significant costs associated with domains are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents and trademarks

Significant costs associated with patents and trademarks are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. Significant costs associated with acquisition of intellectual property rights in business combinations are amortised over an assessed finite useful life of 10 years.

Brand Names

Significant costs associated with acquisition of brand assets in business combinations are amortised over an assessed finite useful life of 5 years.

Customer Relationships

Significant costs associated with acquisition of customer relationship assets acquired in business combinations are amortised over an assessed finite useful life of 7 years.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised; it is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

h. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

i. Employee benefits

Short term employee benefits

Employee benefits, previously earned from past services, that the Group expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

The Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has

created a constructive obligation.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed without realistic possibility of withdrawal, to terminate employment, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long term benefits

The Group's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their services in the current and prior years. The obligation is calculated using the projected unit credit method and is discounted to its present value. Any actuarial gains and losses are recognised in profit or loss in the year in which they arise.

Share based payments

The Group operates an equity settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non market vesting conditions (for example, profitability). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statements of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. If the options lapse or expire, the accumulated balance will be reclassified to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

j. Revenue

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Group Sales

The Group has three main sources of Sales. The provision of candidate referencing services via the sale of credits & subscriptions through Xref, the sale of ID verification checks through Trust Marketplace and the provision of engagement surveys through Engage.

Revenue Recognition

For Xref sales, there are two revenue recognition events. When a customer uses a credit the service has been performed and the revenue is recognised at the point in time when the customer uses the service. Or if the customer has purchased a subscription to the Xref platform, revenue is recognised over the life of the contract.

For Trust Marketplace sales, when customers request a Check and it is performed the service has been delivered. Revenue is recognised at the point in time when the customer uses the service.

For Engage sales, there are two revenue recognition events. Implementation and consultancy revenue is recognised as the services are delivered. This usually involves an in-depth cultural analysis of an organisation and the design and creation of a distinct deliverable, in the form of a bespoke survey or other tailored organisation cultural analysis. Following the creation of the bespoke survey, a customer will subscribe to the platform for 12 months to deliver and view results of engagement surveys over the contracted subscription period. Revenue for the subscription component is recognised over the life of the contract, being the subscription period.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other revenue is recognised when it is received or when the right to receive payment is established.

k. Contract liabilities

For the Xref Platform, customers can purchase a 12-month subscription to our Enterprise Platform capped by an allowance for number of profiles (a consumption unit) to undertake pre-employment reference surveys, pulse surveys or exit surveys to be used within the 12-month subscription period. Unused profiles expire, i.e. they do not roll forward to the following year. Customers can also purchase a 12-month subscription with credit cap (a consumption limit) to use our Recruiter Platform to perform pre-employment reference surveys which must be used within the 12-month subscription period. Unused profiles expire, i.e. they do not roll forward to the following year. Customers can also purchase credits in advance to use our Recruiter Platform to perform pre-employment reference surveys.

For the Xref Engage, a subscription is purchased for a 12-month access period to the survey platform.

Unsatisfied performance obligations associated with the unearned revenue balances for the Xref Platform and for Xref Engage have a proportion where the platform subscription does not begin until after end of financial year. These will be recognised as soon as the subscription starts and within 12 months of the platform subscription start date. This value is represented in the non-current component in the balance sheet. Unearned revenue for Trust Marketplace is expected to be satisfied within 12 months from the date of the balance sheet and is accordingly classified.

Where a customer purchases credits in advance, the contract value is added to unearned revenue on payment. Unpaid invoices as at the balance sheet date are considered 'conditional credits' as disclosed in Note 21 and represents bon fide trade debtors (less goods & services tax) due to the existence of a contract obligation.

In respect of Software As a Service (SaaS) contracts, the contract value is added to unearned revenue on contract commencement, and this may or may not coincide with payment which may be before or after the contract commencement date. There are no 'conditional credits' attached to SaaS contracts. A small component of SaaS contracts may be recognised as a "point in time" revenue where the contracts involve a small set up effort, but a substantial proportion is recognised uniformly over the contract term.

l. Refund liabilities

A cooling-off period of 28 days exists within contracts for the purchase of credits in advance for the Xref Recruiter Platforms. After this period has passed no refunds are provided even if the client does not use their purchased credits. If a client exercises their right to cancel their purchase during this cooling-off period they can be refunded an amount equal to the value of credits not used. No cooling off periods exists in the subscription agreements for the Xref Enterprise or Recruiter Platforms or for Xref Engage

m. Share capital

Share capital represents the consideration received for shares that have been issued. All transaction costs associated with the issuing of shares are recognised as a reduction in equity, net of any related income tax benefits.

n. Dividend distribution

Dividend distributions to the parent's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Directors.

o. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

p. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is ultimately responsible for strategic decisions, approving the allocation of resources and assessing the performance of the operating segments, has been identified as the Board of Directors.

q. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12

months after the reporting date.

r. Going concern

The financial report shows that a loss of \$5,681,097 (2023: a loss of \$3,359,340) has been incurred. There is also a deficiency of net current assets of \$9,274,072 (2023: a deficiency of net assets of \$5,849,329) and a deficiency of net assets of \$5,848,609 (2023: a deficiency of net assets of \$572,122).

However this includes the value of contract liabilities of \$12,735,942. Under the standard terms and conditions of the contracts of Xref, clients are not entitled to refunds of amounts paid for prepaid credits after a 4 week cooling off period has passed and for SaaS contracts for both the Xref Platform and for Xref Engage there is no provision allowing clients to cancel their subscription and receive a refund of amounts paid. As at the date of these financial statements, no such refunds relating to prepaid credits have eventuated and historically the incidence of refunds within the 4 week cooling off period is insignificant.

The Board has therefore made an assessment that the assumption of going concern is appropriate and has accordingly prepared this financial report which assumes that the company will be able to meet its commitments, realise its assets and discharge its liabilities in its ordinary course of business. Considerations that support this assertion are;

- In February 2024 Xref entered into a new four-year secured US \$5.5m (approximately A\$8.4m) debt facility agreement with Element SaaS Finance to support Xref's growth strategies. This replaced the A\$5m facility provided by PURE Asset Management Pty Ltd in 2020.
- A conservative cash flow forecast prepared under several scenarios representing revenue expected under different economic conditions and business cycle nuances for the period to September 2025 is persuasive enough to form a view that the Xref Group will be able to meet its obligations and repay the new debt facility in accordance with the loan terms.
- Met all covenants pertaining to the debt facility since drawdown. The directors are confident that the covenants will continue to be met.
- Post year end and up to 27 August 2024, the unaudited management accounts show that the business results are consistent with the forecast. The directors therefore remain confident that the achievement of their forecast will continue to September 2025.
- The business ended financial year 2024 with a significant cash balance of \$4.6m, and as before, has an ability to make changes to the cost structure of the business as required either through (or a combination of) a reduction in wage related costs or supply contracts that could easily be deferred should the desired revenue performance not be in line with expectations so as to operate within its available cash resources, budgets and forecasts.

Comparison of Results – H1FY24 with H2FY24

- The first half of the financial year (H1FY24) returned a net loss after tax of \$4,083,719, which when compared with the full year results, indicates that the measures put in place in January 2024 to reduce expenses in addition to a small improvement in trading conditions has improved overall performance.
- When comparing EBITDA for H1FY24 (loss of \$2,057,887) with the full year EBITDA (loss of \$1,793,590) the second half of the year reflects a positive EBITDA result.
- Net cash used in operations for H1FY24 was \$990,766. When compared with the net cash used in operations for the full financial year of \$678,797 this indicates that the second half of the financial year returned a small cash surplus from operations

Overall, the results of H2FY24 have significantly improved when compared to H1FY24 and this improvement is expected to continue during FY25.

Given the Directors expectations against the background of the above, financial statements have been prepared on a going concern basis which envisages that the business will continue to operate as normal and therefore realize its assets and extinguish its liabilities in the normal course of business.

s. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 4. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024.

Note 5. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 17 for further information.

Employee benefits provision

As discussed in note 3, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Share-based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to refund where the customer maintains a right of refund pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Internally generated software and research costs

Management monitors the progress of internal research and development projects by using a project management system (PMS). Development time spent on platform development is recorded into the PMS by product segment.

Significant judgement is required in distinguishing research from the development phase. The Group accounting policy requires a detailed forecast of sales or cost savings expected to be generated by the intangible asset to distinguish any research type project phase from the development phase. This forecast is then incorporated into the Group's budgets and forecasts as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally generated intangible assets are based on consistent and common data sources.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant nontaxable income and expenses and specific limits to the use of any unused tax losses or credits. The Group has taken the view that they will wait for another consecutive period of profitability prior to recognising any losses as a deferred tax asset. Further details are in note 10.

Research and development refundable tax offset

The Group is exploring options to use available research and developments incentives and is examining applicability of relevant schemes to the group in 2024 that qualified for any government Research & Development Tax Offsets.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 30 for further information.

Going Concern Assessment

Management has assessed the Company's ability to continue as a going concern in light of current economic challenges. While the Company has previously implemented cost reduction measures which have positively impacted financial performance and cash flow, there remains uncertainty in the economic environment. Management continuously monitors cash flow and conducts scenario analyses to ensure adequate liquidity. The use of the going concern basis of accounting is considered appropriate and Management has plans in place to mitigate risks associated with the current economic headwinds and will continue to assess the situation closely to respond to changing circumstances.

Note 6. Operating segments

Identification of reportable operating segments

The Board of Directors and the Chief Executive Officer are the Chief Operating Decision Makers (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The consolidated entity is organised into three operating segments based on products and services sold: Xref Platform, Trust Marketplace and Xref Engage. The disclosures on the face of the statement of comprehensive income to operating loss and the statement of financial position (excluding the items designated for sale) represent the Group's three business segments.

Products and services

The principal products and services of each of these operating segments are as follows:

Xref Platform	Enterprise Platform – Pre-employment reference surveys, pulse & exit surveys; Recruiter Platform – Pre-employment reference surveys only
Trust Marketplace	ID verification, Qualification checks, Background checks
Xref Engage	Engagement surveys

Intersegment transactions

Intersegment transactions where needed are made at market rates. Preemployment screening and ID/Qualification/Background checks are complementary in nature and intersegment transactions arise due to customer needs and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

	Consolidated 2024			
	Xref Platform \$	Trust Marketplace \$	Xref Engage \$	Total \$
Revenue				
Revenue from external customers	14,046,848	1,835,660	3,977,047	19,859,555
Intersegment sales	1,442	-	-	1,442
Total sales revenue	14,048,290	1,835,660	3,977,047	19,860,997
Other revenue	28,443	2,806	815,920	847,169
Total segment revenue	14,076,733	1,838,465	4,792,967	20,708,166
Intersegment eliminations	-	(1,442)	-	(1,442)
<i>Non trading revenue:</i>				
Interest revenue	31,456	-	6,438	37,894
Total revenue	14,108,189	1,837,023	4,799,405	20,744,618
EBITDA	(2,526,656)	(594,327)	1,327,393	(1,793,590)
Depreciation and amortisation	(1,653,995)	(178,633)	(1,076,382)	(2,909,010)
Interest revenue	31,456	-	6,438	37,894
Finance costs	(992,367)	-	(10,229)	(1,002,596)
Profit before income tax expense	(5,141,560)	(772,960)	247,221	(5,667,302)
Income tax expense	-	-	(13,795)	(13,795)
Profit after income tax expense	(5,141,560)	(772,960)	233,425	(5,681,097)
Assets				
Segment assets	22,746,472	734,578	2,218,275	25,699,325
Intersegment eliminations				(8,292,972)
Unallocated assets:				
Goodwill				2,950,434
Total Assets				20,356,787
<i>Total assets includes:</i>				
Investments in subsidiaries	8,292,972	-	-	8,292,972
Liabilities				
Segment liabilities	(23,706,684)	(223,731)	(2,274,981)	(26,205,396)
Intersegment eliminations				-
Total liabilities				(26,205,396)

	Consolidated 2023			
	Xref Platform \$	Trust Marketplace \$	Xref Engage \$	Total \$
Revenue				
Revenue from external customers	16,018,222	2,620,628	1,760,062	20,398,912
Intersegment sales	660	-	-	660
Total sales revenue	16,018,882	2,620,628	1,760,062	20,399,572
Other revenue	57,693	8,874	1,892	68,459
Total segment revenue	16,076,576	2,629,502	1,761,954	20,468,031
Intersegment eliminations	-	(660)	-	(660)
<i>Non trading revenue:</i>				
Interest revenue	57,481	-	1,984	59,465
Total revenue	16,134,056	2,628,842	1,763,938	20,526,836
EBITDA	(2,253,764)	353,321	482,519	(1,417,924)
Depreciation and amortisation	(740,156)	(232,016)	(393,814)	(1,365,986)
Interest revenue	57,481	-	1,984	59,465
Finance costs	(603,718)	-	(12,960)	(616,678)
Profit before income tax expense	(3,540,157)	121,305	77,729	(3,341,123)
Income tax expense	(18,217)	-	-	(18,217)
Profit after income tax expense	(3,558,374)	121,305	77,729	(3,359,340)
Assets				
Segment assets (restated)	22,729,187	1,202,267	4,513,102	28,444,556
Intersegment eliminations				(8,292,972)
Unallocated assets:				
Goodwill				2,377,726
Total Assets				22,529,310
<i>Total assets includes:</i>				
Investments in subsidiaries	8,292,972	-	-	8,292,972
Liabilities				
Segment liabilities	20,958,221	270,050	1,873,161	23,101,432
Intersegment eliminations				-
Total liabilities				23,101,432

Geographical information

	Revenue from external customers		Geographical non-current assets	
	2024 \$	2023 \$	2024 \$	2023 \$
Australia	15,608,531	15,713,610	8,482,781	7,908,693
Canada	623,832	738,464	39,062	45,342
United Kingdom	684,150	951,137	-	2,808
New Zealand	1,728,824	1,860,858	-	78
United States	1,214,217	1,134,843	-	-
	19,859,555	20,398,912	8,521,843	7,956,921

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 7. Revenue

	Consolidated 2024 \$	2023 \$
Revenue from contracts with customers		
- Xref Platform	14,046,848	16,018,222
- Trust Marketplace	1,835,660	2,620,628
- Xref Engage	3,977,047	1,760,062
Total revenue	19,859,555	20,398,912
<i>Other revenue</i>		
Interest	37,894	59,465
Gain/ (losses from fair value adjustments on contingent consideration)	668,511	-
Government subsidies	146,829	14,787
Other revenue	31,829	53,672
	885,063	127,924
Total revenue and other income	20,744,618	20,526,836

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2024			Total
	Xref Platform \$	Trust Marketplace \$	Xref Engage \$	\$
Revenue from customers				
Revenue	14,046,848	1,835,660	3,977,047	19,859,555
Geographical regions				
Australia	9,797,267	1,834,218	3,977,047	15,608,532
Canada	623,832	-	-	623,832
United Kingdom	682,206	1,944	-	684,150
New Zealand	1,728,824	-	-	1,728,824
United States	1,214,217	-	-	1,214,217
	14,046,346	1,836,162	3,977,047	19,859,555
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	5,709,938	1,836,162	1,617,955	9,164,055
Services transferred over time	8,336,408	-	2,359,092	10,695,500
	14,046,346	1,836,162	3,977,047	19,859,555

	Consolidated 2023			Total \$
	Xref Platform \$	Trust Marketplace \$	Xref Engage \$	
Revenue from customers				
Revenue	<u>16,018,222</u>	<u>2,620,628</u>	<u>1,760,062</u>	<u>20,398,912</u>
Geographical regions				
Australia	11,340,251	2,613,297	1,760,062	15,713,610
Canada	738,464	-	-	738,464
United Kingdom	943,806	7,331	-	951,137
New Zealand	1,860,858	-	-	1,860,858
United States	<u>1,134,843</u>	<u>-</u>	<u>-</u>	<u>1,134,843</u>
	<u>16,018,222</u>	<u>2,620,628</u>	<u>1,760,062</u>	<u>20,398,912</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	14,298,913	2,620,628	794,877	17,714,418
Services transferred over time	<u>1,719,309</u>	<u>-</u>	<u>965,185</u>	<u>2,684,494</u>
	<u>16,018,222</u>	<u>2,620,628</u>	<u>1,760,062</u>	<u>20,398,912</u>

Note 8. Overheads and administrative expenses

	Consolidated 2024 \$	2023 \$
Accounting and consulting fees	196,046	303,712
Auditing or reviewing the financial report	113,156	92,289
Legal expenses	254,847	126,329
Marketing fees	465,027	1,695,019
Consulting and professional fees	308,977	313,421
Administration expenses	3,121,120	1,879,680
Platform expenses	792,588	665,134
Operating lease payments *	<u>456,548</u>	<u>117,157</u>
	<u>5,708,308</u>	<u>5,192,741</u>

* Includes make good expense of \$232k

Auditors remuneration

	Consolidated 2024 \$	2023 \$
Fees charged by Audit Firm		
Financial statement audit and review	<u>113,156</u>	<u>92,289</u>

Note 9. Depreciation, amortisation and impairment expenses

	2024	Consolidated 2023
	\$	\$
Depreciation, amortisation and impairment expenses		
Depreciation	466,104	108,853
Depreciation ROU Asset	418,394	400,408
Amortisation	2,024,512	856,725
	<u>2,909,010</u>	<u>1,365,986</u>

Note 10. Income tax expense

Xref Limited has operating subsidiaries in Australia, the UK, New Zealand, USA and Canada which are expected to accumulate tax losses.

(a). *Reconciliation of effective tax rate :*

	2024	Consolidated 2023
	\$	\$
Profit (loss) before income tax expense	(5,667,302)	(3,341,123)
Tax at the statutory rate of 25% (2023: 25%)	(1,416,826)	(835,281)
<i>Impact of tax effect:</i>		
Increase in deferred tax asset not brought into account	1,313,985	705,781
Permanent differences	6,369	23,174
Adjustment for foreign tax rates	96,472	106,326
Income tax paid by subsidiaries	13,795	18,217
Income tax expense for the year	<u>13,795</u>	<u>18,217</u>

b. *Deferred tax assets and liabilities*

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses or credits. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

The company has not yet raised a deferred tax entry as the Group is not certain whether the tax losses carried forward can be utilised in the foreseeable future. The deferred tax asset position of the Group, which has not been brought to account is \$8,734,247 (2023: \$7,420,263).

Note 11. Current assets—cash and cash equivalents

	2024	Consolidated 2023
	\$	\$
Cash at bank and in hand	<u>4,593,835</u>	<u>6,835,478</u>

Note 12. Current assets—trade and other receivables

	2024	Consolidated 2023
	\$	\$
Current		
Trade receivables	2,725,212	2,715,091
Other receivables	31,936	59,323
Total current trade and other receivables	<u>2,757,148</u>	<u>2,774,414</u>

Trade debtors and other receivables are non interest bearing and receipt is normally on 30 days terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value.

All receivables are subject to credit risk exposure.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade debtors and other receivables as disclosed above. The Group does not hold any collateral as security.

The Group's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. No allowance for expected credit losses was deemed to be necessary.

As at 30 June 2024, the ageing analysis of trade receivables past due but not impaired is detailed as follows:

	2024 \$	2023 \$
0-30 days in terms	2,036,315	2,297,488
30-90 days overdue	694,903	361,730
90 days+ overdue	(6,006)	55,873
	<u>2,725,212</u>	<u>2,715,091</u>

Note 13. Current assets—Contract assets

	2024 \$	Consolidated 2023 \$
Capitalised Commission Credit Sales	443,100	852,227
Capitalised Commission Subscriptions	<u>535,588</u>	<u>297,151</u>
	<u>978,688</u>	<u>1,149,378</u>

(a). Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2024 \$	2023 \$
Opening Balance	1,149,378	1,211,830
Additions	1,074,626	1,419,317
Recognition as expenses	(1,239,660)	(1,495,611)
Balancing adjustment due to forex	<u>4,907</u>	<u>13,842</u>
Closing balance	<u>989,251</u>	<u>1,149,378</u>
Current (within 12 months)	978,688	1,149,378
Non-Current (12-18 months)*	<u>10,563</u>	<u>-</u>
Total contract liabilities	<u>989,251</u>	<u>1,149,378</u>

* reported in Non-current assets - Other assets

Note 14. Non current assets—other

	2024 \$	Consolidated 2023* \$
Rental Bonds	117,362	255,177
Capitalised Commission Subscriptions - Non Current	<u>10,563</u>	<u>-</u>
Total	<u>127,925</u>	<u>255,177</u>

* Refer **Note 34** for details of restatement

Note 15. Non current assets—property, plant and equipment

	Consolidated	
	2024	2023
	\$	\$
Office furniture at cost	94,576	98,617
Less: Accumulated depreciation	(45,277)	(44,235)
	<u>49,299</u>	<u>54,382</u>
Office equipment at cost	683,445	964,191
Less: Accumulated depreciation	(654,896)	(859,940)
	<u>28,549</u>	<u>104,251</u>
Computer equipment at cost	487,349	523,236
Less: Accumulated depreciation	(366,361)	(368,056)
	<u>120,988</u>	<u>155,180</u>
Office fitout	104,843	457,250
Less: Accumulated depreciation	(81,992)	(132,091)
	<u>22,851</u>	<u>325,159</u>
Total property, plant and equipment	<u><u>221,688</u></u>	<u><u>638,972</u></u>

Reconciliations

Reconciliations of the carrying value at the beginning and end of the current and previous financial year are set out below:

	Office Furniture \$	Office Fitout \$	Office Equipment \$	Computer Equipment \$	Total \$
Balance at 1 July 2022	59,676	34,472	34,346	101,497	229,991
Additions	-	-	667	111,453	112,120
Additions by acquisition	-	304,105	79,713	21,527	405,345
Disposals and write offs	-	-	(96)	(11,712)	(11,808)
Depreciation	(5,391)	(13,490)	(10,409)	(67,754)	(97,044)
Revaluations due to exchange differences	<u>97</u>	<u>72</u>	<u>30</u>	<u>169</u>	<u>368</u>
Balance at 30 June 2023	54,382	325,159	104,251	155,180	638,972
Additions	-	-	247	52,067	52,314
Additions by acquisition	-	-	-	-	-
Disposals and write offs	(179)	(292,467)	(63,623)	(2,012)	(358,281)
Depreciation	(4,643)	(9,638)	(12,219)	(84,022)	(110,522)
Revaluation due to exchange differences	<u>(259)</u>	<u>(201)</u>	<u>(108)</u>	<u>(227)</u>	<u>(795)</u>
Balance at 30 June 2024	<u><u>49,301</u></u>	<u><u>22,853</u></u>	<u><u>28,548</u></u>	<u><u>120,986</u></u>	<u><u>221,688</u></u>

Note 16. Non current assets—right of use assets

	Consolidated	
	2024	2023
	\$	\$
Right of use assets—Land and Buildings	1,377,469	1,866,492
Less: Accumulated depreciation	(1,271,471)	(1,338,003)
	<u><u>105,998</u></u>	<u><u>528,489</u></u>

There were no additions made to right-of-use assets during the year. All new leases held are for a currency of one year or less as of the date of the balance sheet. The unamortised balance of \$105,998 relates to existing leased premises with no extensions made during FY2024 and are subject to amortization in accordance with our accounting policy for leases, commencing on the date of capitalization.

The Group leases office buildings for its offices under agreements which have terms remaining of no longer than 1 year and 2 months as at 30 June 2024. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 17. Non current assets—intangible assets

	2024 \$	Consolidated 2023 \$
Goodwill *	2,950,434	2,950,434
Less: Accumulated impairment	-	-
	2,950,434	2,950,434
Website	325,000	325,000
Less: Accumulated amortisation	(325,000)	(270,388)
	-	54,612
Patents, trademarks and other rights	853,737	853,737
Less: Accumulated amortisation	(139,878)	(67,092)
	713,859	786,645
Customer relationships	847,000	847,000
Less: Accumulated amortisation	(181,500)	(42,350)
	665,500	804,650
Licenses	50,000	50,000
Less: Accumulated impairment	-	-
	50,000	50,000
Domain Names	113,958	113,958
Less: Accumulated amortisation	(38,920)	(27,738)
	75,038	86,220
Software development	9,063,667	6,004,846
Less: Accumulated amortisation	(2,470,714)	(724,201)
	6,592,954	5,280,645
Total intangibles	11,047,785	10,013,206

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:
Movements in carrying amounts of intangible assets.

Consolidated	Patents, trademarks and other rights \$	Customer Relationships \$	Licenses \$	Domain Names \$	Software Development \$	Website \$	Goodwill * \$	Total \$
Balance at 1 July 2022	6,833	-	50,000	97,642	2,422,270	162,945	1,333,986	4,073,676
Additions	-	-	-	-	2,515,407	-	-	2,515,407
Additions by acquisition	842,400	847,000	-	-	975,000	-	1,616,448	4,280,848
Amortisation expense	(62,588)	(42,350)	-	(11,422)	(632,032)	(108,333)	-	(856,725)
Balance at 30 June 2023	786,645	804,650	50,000	86,220	5,280,645	54,612	2,950,434	10,013,206
Additions	-	-	-	-	3,058,821	-	-	3,058,821
Amortisation expense	(90,666)	(121,000)	-	(11,451)	(1,746,513)	(54,612)	-	(2,024,242)
Balance at 30 June 2024	695,979	683,650	50,000	74,769	6,592,953	-	2,950,434	11,047,785

* Goodwill recognised in a business combination in FY2023, has been finalised in FY2024 per Note 32

Impairment testing

Goodwill acquired through business combination has been allocated to the following cash-generating units:

	Consolidated 2024 \$	2023 \$
RapidID	1,333,986	1,333,986
Voice Project	1,616,248	1,616,248
	<u>2,950,234</u>	<u>2,950,234</u>

1. RapidID

The recoverable amount of the consolidated entity's goodwill has been determined as the higher of the asset's value in use and its fair value less cost of disposal using a discounted cash flow model, based on a 5-year projection period approved by management and the board, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for RapidID:

- 17% post-tax discount rate;
- Break even WACC is 19.6% p.a.
- The business very conservatively runs with the FY24 exit revenue base with zero revenue growth in FY2024 thereafter;
- 17% per annum in operating expenses, increasing at the rate of 5% year on year thereafter;
- 52% per annum average in gross margin; and
- 3% terminal value growth rate.

The discount rate of 17% post-tax reflects Leadenhall's estimate of the time value of money and the Group's weighted average cost of capital adjusted for RapidID, the risk-free rate and the volatility of the share price relative to market movements. Overall, the discount rate has not changed drastically compared to last year and is not expected to go above 19%.

Management has estimated \$2.0M in revenue in FY25 similar to FY24, however with the launch of Trust Marketplace (where ID checks have been introduced into the employment sector) revenue is expected to pick up at the start of FY25 and onwards.

Synergies achieved following the acquisition of RapidID combined with cost efficient customer acquisition strategies has resulted in the operational costs budgeted initially being lower than forecast. Operating expenses represent 17% of the revenue growing at 5% year on year, and employment expenses forecast to be at 17% of revenue growing at 5% year on year.

Based on the above, the recoverable amount of RapidID computed using a discounted cash flow model returned a positive value exceeding the carrying amount of its net assets (excluding cash) indicating that the CGU is not impaired.

Sensitivity

As disclosed in note 5, management has made judgements and estimates in respect of impairment testing of goodwill and intangibles assets including the ID Platform, Licence and Website. Should these judgements and estimates not occur the resulting carrying amount may decrease. The sensitivities are as follows:

- The discount rate would be required to increase to 20% for RapidID before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of RapidID's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

2. Xref Engage (formerly Voice Project)

The recoverable amount of the consolidated entity's goodwill has been determined as the higher of the asset's value in use and its fair value less cost of disposal using a discounted cash flow model, based on a 5-year projection period approved by management and the board, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for Voice Project:

- 17% post-tax discount rate;
- Break even WACC of 25% p.a.
- 5% per annum average projected revenue growth rate during the forecast period;
- 52% of revenue per annum in wages during the forecast period;
- 17% in operating expenses during the forecast period;
- 2.5% terminal value growth rate.

The discount rate of 17% post-tax reflects Leadenhall's estimate of the time value of money and the Group's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Xref Engage's (formerly Voice Project) revenue is expected to grow between 0-5% in the next four years from a boost in sales following full integration into Xref, stabilising at 5% growth in the long-term. Wages are expected to be about 52% of the revenue with few additions to the team and operating expenses largely expected to be stable at 25% of revenue during the forecast period.

Based on the above, the recoverable amount of Xref Engage computed using a discounted cash flow model returned a positive value exceeding the carrying amount of its net assets (excluding cash) indicating that the CGU is not impaired.

Sensitivity

As disclosed in note 5, management has made judgements and estimates in respect of impairment testing of goodwill and intangible assets including the acquired software, customer contracts, IP and brand. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- If sales growth were zero over the 5-year period, the headroom will still be positive, all other assumptions remaining constant.
- Break even WACC is 25% per annum.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the CGU is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Note 18. Current liabilities—trade and other payables

	Consolidated	
	2024	2023 *
	\$	\$
Trade payables	744,436	956,048
GST payable	423,395	412,414
Accrued salaries, wages and related costs	377,075	355,800
Non trade payables and accrued expenses *	693,725	561,874
Superannuation payable	296,794	292,796
	<u>2,535,426</u>	<u>2,578,932</u>

Refer to note 27 for further information on financial instruments. Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore, their carrying amount approximates their fair value.

*Refer to Note 34 for further details on restatements upon finalization of business combination accounts

Note 19. Financial liabilities

	2024 \$	Consolidated 2023 \$
Current		
Lease Liability	90,856	424,120
Borrowing [<i>refer note (a) below</i>]	1,130,114	425,751
Total current borrowings	1,220,970	849,871
Non-current		
Lease Liability	13,386	107,279
Borrowing [<i>refer note (a) below</i>]	7,224,074	4,375,190
Total non-current borrowings	7,237,461	4,482,469
Total borrowings	8,458,430	5,332,340

a. Borrowing facilities	2024 \$	2023 \$
Reconciliation		
Loan Facility	8,320,964	5,000,000
Fair value of warrants	-	(385,714)
Transaction Cost	(71,018)	(209,744)
	8,249,946	4,404,542
Amortisation of finance cost	-	1,643,466
Repayment of contractual payment	-	(1,247,066)
Closing Balance	8,249,946	4,800,942

The loan from Pure Asset Management of \$5m was refinanced in February 2024 and a new loan established with Element SaaS Finance LLC for USD \$5.5m to support the Company's growth strategies.

The key terms of the facility are:

- Facility Limit: USD \$5.5m
- Term: 4-year term;
- Interest Rate: 14% p.a. interest rate, paid monthly plus 2.75% p.a. accruing over the term of the loan and paid at maturity.
- Amortisation: 9-month interest only period following drawdown with monthly principal amortisation thereafter.
- Security: first-ranking charge over all assets of the Company and its Australian subsidiaries, supported by subsidiary guarantees.
- Prepayment: the facility may be prepaid at any time during the term in part or in whole (subject to early exit fees which reduce every 12 months of the loan term).
- Cash Balance covenant tested on a monthly basis during the loan term.

USD \$4.6m was drawn in February 2024 and the remaining USD \$0.9m was drawn in May 2024.

Note 20. Employee benefits

	2024 \$	2023 \$
Employee benefits - current (short-term)	1,266,956	1,048,797
Employee benefits - non-current (long-term)	445,930	323,399
Total Employee Benefits	1,712,886	1,372,196

Short-term employee benefits represent accruals for leave entitlements as at the reporting date, and the Group's obligation to its current employees that are expected to be settled within 12 months of the balance date.

Long-term employee benefits represent accruals for leave entitlements as at the reporting date, and the Group's obligation to its current employees that are expected to be settled beyond 12 months of the balance date.

Note 21. Contract Liabilities

	2024 \$	2023 \$
Xref unearned revenue movement		
Opening balance - Xref	11,217,734	10,987,225
Xref Sales	13,808,766	16,177,650
Add: Opening conditional credits	992,194	1,428,393
Less: Credit Usage & Subscriptions recognised	(15,143,998)	(16,332,384)
Less: Closing conditional credits	22,962	(992,194)
	(320,076)	281,465
Foreign exchange revaluation impacts	57,833	(50,956)
Closing balance – Unearned revenue Xref	10,955,491	11,217,734
Trust Marketplace unearned revenue movement		
Opening balance - Trust Marketplace	59,980	77,683
Add: Prepaid Checks Sold	-	4,300
Less: Prepaid Checks Used	(4,879)	(22,003)
Closing balance - Unearned revenue Trust Marketplace	55,101	59,980
Engage unearned revenue movement		
Opening balance - Engage	1,173,658	1,043,181
Add: Platform subscriptions sold	2,910,784	1,095,662
Less: Subscriptions recognised	(2,359,092)	(965,185)
Closing balance - Unearned revenue Engage	1,725,350	1,173,658
Total group unearned revenue	12,735,942	12,451,372
Current (within 12 months)	12,580,855	12,225,903
Non-Current (12-18 months)	155,087	225,469
Total contract liabilities	12,735,942	12,451,372

Note 22. Other Liabilities

Other liabilities represents the current and non current allocations of deferred tax liability taken up this year on identifiable intangible assets acquired from Xref Engage (formerly Voice Project). Also included, is the remaining contingent consideration payable to the vendors of Xref Engage (formerly Voice Project) acquired in a business combination in FY2023. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows in FY 2023 and has been fair valued as FVTPL in FY 2024. (Refer Note 30)

	2024 \$	2023 \$
Current		
Contingent Consideration	523,256	812,000
Deferred tax liability	-	-
Total other liabilities - Current	523,256	812,000
Non- Current		
Contingent Consideration	-	685,000
Deferred tax liability	343,697	442,300
Total other liabilities - Non current	343,697	1,127,300

Note 23. Equity—issued capital

	2024 Shares	2023 Shares	2024 \$	2023 * \$
Ordinary shares—fully paid	188,203,266	185,296,289	55,405,847	55,100,613

	Date	Shares	Total \$
Balance	1 July 2022	185,296,289	55,100,613
Issued under share based remuneration		-	-
Options exercised		-	-
Warrants exercised		-	-
	30 June 2023	185,296,289	55,100,613
Issued under share based remuneration		-	-
Issued as business acquisition consideration		2,906,977	305,234
Options exercised		-	-
Warrants exercised		-	-
	30 June 2024	188,203,266	55,405,847

During the year ended 30 June 2024

No shares were issued under share based remuneration or due to exercising of Options or Warrants.

During the year ended 30 June 2023

No shares were issued under share based remuneration or due to exercising of Options or Warrants.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company is seen as value adding or earnings accretive relative to the current company's share price / earning potential at the time of the investment. The Group is not actively pursuing additional investments in the short term. However, the group has announced to the market, a strategic review of its capital structure and pursue options to convert to a closely held corporation with all its benefits of enabling the group to increase it's focus on international growth and expansion.

The Group is in compliance with its loan covenants and expects to meet all covenants at the next review. The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 24. Equity—other equity reserves

	2024 \$	2023 \$
Foreign currency reserve	(650,918)	(843,114)
Share options reserve	2,545,543	2,638,363
Share warrants	308,571	308,571
Consolidation Reserve	<u>(22,845,821)</u>	<u>(22,845,821)</u>
	<u>(20,642,625)</u>	<u>(20,742,001)</u>

Foreign Currency Reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

a). Share options and related reserves

Employee Stock Option Plans (ESOPs) have been granted to certain employees and Executive Stock Option Plans have been granted to executives as part of their remuneration packages. These grants vest over time periods between 0 to 3 years, subject to the vesting condition that they are in current employment with the group. There are no other vesting conditions attached. The options expire one month from termination for holders of vested options or one month after termination in all other instances. Vested options expire between 1 and 3 years from the vesting date for current employees.

	Issue Date	Expiry Date	Average exercise price in \$A per share	Options	Option Reserve \$
Granted	4/12/2018	3/09/2023	\$0.66	-	36,570
Granted	20/07/2020	15/01/2024	\$0.35	-	50,020
Granted	20/07/2020	15/01/2024	\$0.35	-	9,300
Granted	20/07/2020	15/01/2024	\$0.35	-	1,040
Granted	7/09/2020	15/01/2024	\$0.18	-	114,000
Granted	7/09/2020	15/01/2024	\$0.18	-	114,000
Granted	26/11/2021	17/11/2024	\$0.35	600,000	234,394
Granted	26/11/2021	17/11/2024	\$0.54	2,700,000	809,606
Granted	5/07/2022	5/07/2025	\$0.00	411,859	231,812
Granted	5/07/2022	5/07/2026	\$0.50	4,020,000	548,000
Granted	5/07/2022	5/07/2026	\$0.42	1,343,241	204,876
Granted	20/02/2023	20/02/2026	\$0.00	245,000	68,600
Granted	20/02/2023	20/02/2027	\$0.50	860,000	60,200
Granted	20/02/2023	20/02/2027	\$0.42	612,500	55,125
Granted	31/03/2024	15/09/2024	\$0.18	4,000,000	8,000
Closing Balance		30/06/2024		<u>14,792,600</u>	<u>2,545,543</u>

	Issue Date	Expiry Date	Average exercise price in \$A per share	Options	Option Reserve \$
Granted	4/12/2018	3/09/2023	\$0.66	300,000	36,570
Granted	20/07/2020	15/01/2024	\$0.35	1,613,558	50,020
Granted	20/07/2020	15/01/2024	\$0.35	300,000	9,300
Granted	20/07/2020	15/01/2024	\$0.35	33,543	1,040
Granted	7/09/2020	15/01/2024	\$0.18	2,000,000	114,000
Granted	7/09/2020	15/01/2024	\$0.18	2,000,000	114,000
Granted	26/11/2021	17/11/2024	\$0.35	900,000	332,948
Granted	26/11/2021	17/11/2024	\$0.54	2,700,000	768,340
Granted	5/07/2022	5/07/2025	\$0.00	626,859	244,629
Granted	5/07/2022	5/07/2026	\$0.50	4,670,000	662,795
Granted	5/07/2022	5/07/2026	\$0.42	1,460,741	230,078
Granted	20/02/2023	20/02/2026	\$0.00	275,000	27,424
Granted	20/02/2023	20/02/2027	\$0.50	1,010,000	25,181
Granted	20/02/2023	20/02/2027	\$0.42	687,500	22,038
Closing Balance		30/06/2023		18,577,201	2,638,363

The weighted average exercise price for the financial year 2024 was \$0.38 (FY2023: \$0.38).

Options Reserve

During the year ended 30 June 2024, 4,000,000 options were issued which vested immediately on the issue date at the exercise price of \$0.18 due to expire on 15 September 2024; 1,588,887 options lapsed, 6,035,714 options expired, and 160,000 (Nil in FY2023) options were exercised.

For the options granted during the financial year 2024, the valuation model (Black-Scholes Option Pricing Model) inputs used to determine the fair value as at the grant date are given below:

	Issue Date	Expiry Date	Share price at the date of the grant	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
Granted	31/03/2024	15/09/2024	\$0.10	\$0.18	60%	3.66%	\$0.0028

Vested Options

Options vested and therefore exercisable	Expiry Date	2024	2023
Options Vested - Sharon Blesson	9/3/2023	-	300,000
Options Vested - James Solomons	1/15/2024	-	2,300,000
Options Vested - Sharon Blesson	1/15/2024	-	2,111,111
Options vested - Robert Waring	1/15/2024	-	33,543
Options vested - Employees	1/15/2024	-	2,025,812
Options vested - Lija Wilson	11/17/2024	300,000	300,000
Options vested - Lija Wilson	11/17/2024	300,000	300,000
Options vested - Thomas Stianos	11/17/2024	1,800,000	1,200,000
Options vested - Nigel Heap	11/17/2024	900,000	600,000
Options Vested - Employees and Contractors	7/5/2025	381,859	-
Options Vested - Employees and Contractors	7/5/2026	3,770,000	-
Options Vested - Employees and Contractors	7/5/2026	1,268,241	-
Options vested - Robert Waring	7/5/2025	30,000	-
Options vested - Robert Waring	7/5/2026	250,000	-
Options vested - Robert Waring	7/5/2026	75,000	-
Options Vested - James Solomons	3/31/2024	2,000,000	-
Options Vested - Sharon Blesson	3/31/2024	2,000,000	-
		13,075,100	9,170,466

The weighted average share price for the current financial year was \$0.14 (2023: \$0.26)

Consolidation Reserve

The reserve was formed on the reverse acquisition of assets and liabilities of King Solomon Mines Limited by Xref Pty Limited which brought the share capital of Xref Pty Limited to the share capital of King Solomon Mines Limited immediately after the reverse acquisition.

Warrant reserve

In conjunction with the loan facility agreement executed on 31 July 2020, a warrant deed was also signed with Pure Asset Management on the same date (Note 19). Consequently, 14,285,714 detached warrants were issued to Pure Asset Management with an exercise option price of \$0.35 each exercisable within the next 4-year period. The fair value of the warrants was determined using the black scholes methodology with a volatility rate of 62% and a grant date share price of \$0.13 was \$385,714 as originally assessed. On 6 December 2021, Pure Asset Management exercised 2,857,142 warrants at \$0.35 each, reducing the fair value of the warrant reserve to the current carrying value of \$308,571.

On 23 July 2024 the remaining 11,428,572 warrants expired having not been exercised. Refer to ASX announcement of 6 August 2024.

Note 25. Equity—dividends

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

Note 26. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (where the exercise price is currently below the current share price). The Group recorded a loss for the year ended 30 June 2024 and a loss for the year ended 30 June 2023.

The following reflects the income and share data used in the basic and diluted EPS computations

	2024	Consolidated	2023
	\$		\$
Loss after income tax attributable to the owners of Xref Limited	(5,681,097)		(3,359,340)
Weighted average number of ordinary shares used in calculating basic earnings per share	186,968,467		186,101,549
Weighted average number of ordinary shares used in calculating diluted earnings per share	194,532,302		186,101,549
	Cents		Cents
Basic earnings / (loss) per share	(3.04)		(1.81)
Diluted earnings / (loss) per share	(2.92)		(1.81)

Note 27. Financial instruments

a. Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities

	Cash, trade and other receivables; trade and other creditors	Financial liabilities at amortised cost	Total \$
Group 2024			
Financial assets			
Cash and cash equivalents	4,593,835	-	4,593,835
Trade debtors and other receivables	2,757,148	-	2,757,148
Total	7,350,983	-	7,350,983
Financial liabilities			
Trade creditors and other payables	2,136,214	-	2,136,214
Financial liabilities incl. leases	-	8,354,188	8,354,188
Total	2,136,214	8,354,188	10,490,403

	Cash, trade and other receivables; trade and other creditors	Financial liabilities at amortised cost	Total \$
Group 2023			
Financial assets			
Cash and cash equivalents	6,835,478	-	6,835,478
Trade debtors and other receivables	2,774,414	-	2,774,414
Total	9,609,892	-	9,609,892
Financial liabilities			
Trade creditors and other payables	2,155,728	-	2,155,728
Financial liabilities incl. leases	-	5,332,340	5,332,340
Total	2,155,728	5,332,340	7,488,068

b. Financial instrument risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity Risk
- Market Risk

The Group are exposed to market risk through their use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

The Group has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into and the Group is not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

i. Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group has no significant concentration of risk in relation to cash and cash equivalents, trade debtors and other financial assets.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

Further details in relation to the credit quality of financial assets is provided in Note 13.

ii. Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. The Group manages liquidity risk by managing cash flows and ensuring that adequate cash is in place to cover any potential shortfalls.

All amounts shown as current financial liabilities are expected to be paid on demand and without interest. Financial liabilities outstanding at the end of the financial year represent the new loan established with Element SaaS Finance LLC for AUD 8.4m (USD \$5.5m) bearing an Interest Rate of 14% p.a., paid monthly plus 2.75% p.a. accruing over the term of the loan and paid at maturity.

The Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

Group 2024	Carrying amounts	Contractual cash-flow maturities					
		Total contractual cash-flows	0-6 months	6-12 months	1 - 2 years	2-5 years	Later than 5 years
Trade creditors and other payables	2,238,632	2,238,632	2,238,632	-	-	-	-
Superannuation payable	296,794	296,794	296,794	-	-	-	-
Financial liabilities incl. leases	8,354,188	9,800,075	183,844	1,259,027	2,523,236	5,833,968	-
Total	10,889,615	12,335,501	2,719,270	1,259,027	2,523,236	5,833,968	-

Financial liabilities at the end of the previous year represent the term loan established with Pure Asset Management for AUD 5m bearing an Interest Rate of 8.5% p.a., paid quarterly, which has since been foreclosed during the financial year in Feb 2024.

Group 2023	Carrying amounts	Contractual cash-flow maturities					
		Total contractual cash-flows	0-6 months	6-12 months	1 - 2 years	2-5 years	Later than 5 years
Trade creditors and other payables	2,155,728	2,155,728	2,155,728	-	-	-	-
Superannuation payable	292,796	292,796	292,796	-	-	-	-
Financial liabilities incl. leases	4,800,941	6,054,379	475,455	375,926	5,188,928	14,070	-
Total	7,249,465	8,502,903	2,923,979	375,926	5,188,928	14,070	-

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

iv. Foreign exchange risk

The Group is exposed to fluctuations in foreign currency exchange rates as a result of maintaining foreign currency denominated bank accounts and entering into foreign currency transactions. Thus, the Group will incur a foreign exchange gain or loss each year due to the appreciation and depreciation of the Australian dollar relative to other currencies including the United States dollar, the Canadian dollar and the UK Pounds Sterling.

The exposure to currencies of the Group is as follows:

	2024 \$	2023 \$
Canadian Dollars	82,731	852,133
UK Pound Sterling	196,187	867,256
New Zealand Dollars	240,814	821,480
United States Dollar	98,579	696,419
Total	<u>618,311</u>	<u>3,237,288</u>

The potential impact on the bank accounts, net deficits and equity movements in foreign currency exchange rates (calculated by applying the change in foreign exchange rate to foreign currencies held at balance date) is indicated below:

Potential Foreign Exchange Rate Fluctuation Impact on valuation of holding in:	5% \$	10% \$	20% \$
Canadian Dollars	4,137	8,273	16,546
UK Pound Sterling	9,809	19,619	39,237
New Zealand Dollar	12,041	24,081	48,163
United States Dollar	4,929	9,858	19,716
Total impact of potential change in exchange rate	<u>30,916</u>	<u>61,831</u>	<u>123,662</u>

Foreign exchange risk

Currency risk is the risk that the fair value of financial instruments will fluctuate due to a change in foreign exchange rates.

Most of the Group transactions are carried out in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in United Kingdom Pounds Sterling (GBP), Canadian dollars (CAD), New Zealand Dollar (NZD) and United States Dollar (USD).

The Group monitors foreign expenditure, seeking favourable terms when it is time to for further funding. By adopting this passive strategy, it expects its average foreign exchange rates to reflect the average foreign exchange rate for the year.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

		Short-term exposure			
30 June 2024 – Group	Australia	United Kingdom	Canada	New Zealand	United States
Financial Assets	6,322,941	273,789	141,903	359,873	252,478
Financial Liabilities	<u>(2,143,121)</u>	<u>(48,988)</u>	<u>(151,135)</u>	<u>(83,626)</u>	<u>29,373</u>
Net statements of financial position exposure	<u>4,179,820</u>	<u>224,801</u>	<u>(9,232)</u>	<u>276,247</u>	<u>281,851</u>

		Long-term exposure			
30 June 2024 – Group	Australia	United Kingdom	Canada	New Zealand	United States
Financial Assets	97,458	-	19,904	-	-
Financial Liabilities	<u>-</u>	<u>-</u>	<u>(13,386)</u>	<u>-</u>	<u>(8,249,946)</u>
Net statements of financial position exposure	<u>97,458</u>	<u>-</u>	<u>6,518</u>	<u>-</u>	<u>-</u>

		Short-term exposure			
30 June 2023 – Group	Australia	United Kingdom	Canada	New Zealand	United States
Financial Assets	5,967,958	953,635	927,980	978,523	781,795
Financial Liabilities	<u>(2,687,767)</u>	<u>(45,713)</u>	<u>(161,358)</u>	<u>(110,761)</u>	<u>-</u>
Net statements of financial position exposure	<u>3,280,191</u>	<u>907,922</u>	<u>766,622</u>	<u>867,762</u>	<u>781,795</u>

30 June 2023 – Group	Long-term exposure				
	Australia	United Kingdom	Canada	New Zealand	United States
Financial Assets	234,650	-	20,527	-	-
Financial Liabilities	(4,375,190)	-	(107,279)	-	-
Net statements of financial position exposure	<u>(4,140,540)</u>	<u>-</u>	<u>(86,752)</u>	<u>-</u>	<u>-</u>

Foreign exchange risk

Sensitivity analysis

The following analysis illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities carried in foreign currencies. It assumes a 5+/- % change in exchange rates for the year ended at 30 June 2023 (2022: 5%).

The percentage movement has been determined based on the average exchange rate market volatility for the AUD in the previous 12 months.

Group	2024		2023	
	Loss for the year	Equity	Loss for the year	Equity
5% (2023: 5%) increase in AUD against foreign currencies	(5,575,036)	(5,266,860)	(3,313,465)	(603,423)
5% (2023: 5%) decrease in AUD against foreign currencies	(5,722,058)	(5,074,386)	(3,373,887)	160,196

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Revenue of the Group is exposed to interest rate risk on interest bearing financial assets only as it has immaterial bank overdraft balances. The Group is also exposed to interest rate risk on interest bearing financial assets.

Note 28. Cash Flow Information

(a). Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Reconciliation of operating profit to operating cash flows	2024 \$	2023 \$
Operating profit	(5,681,097)	(3,359,340)
<u>Adjustments for non cash items included in operating cash flows:</u>		
Unearned income	284,570	130,477
Shares based payments	(92,820)	1,605,954
FVTPL Credit	(668,511)	-
Foreign exchange	79,871	(28,426)
Loss on disposal of assets	356,059	-
Bad debts written off	42,900	15,001
Depreciation, amortisation and impairment	2,599,886	1,365,986
Deferred tax	78,653	-
Financing costs	324,059	-
Interest expense on borrowing	1,003,120	591,164
<u>Working Capital Changes:</u>		
(Increase)/decrease in trade and other receivables	17,266	(882,402)
(Increase)/decrease in prepayments	439,435	(191,190)
(Increase)/decrease in contract assets	160,127	62,452
Increase/(decrease) in trade and other payables	36,997	631,533
Increase/(decrease) in employee benefits	340,688	513,193
Net cash from operating activities	(678,797)	454,402

Note 29. Related Parties

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Group.

The Group has a related party relationship with its Shareholders, Directors and other key management personnel.

Unless otherwise stated transactions with related parties in the years reported have been on an arms length basis, none of the transactions included special terms, conditions or guarantees. The following transactions were carried out with related parties

a. Purchase of services

	2024 \$	2023 \$
Key management personnel	76,756	84,203

b. Other related party balances

Other related party balances Loans to directors for the year ended 30 June 2023 amounted to \$0 (2022: \$0).

c. Key management compensation see information below

	2024 \$	2023 \$
Short term employee benefit	1,422,138	1,391,416
Post employment benefits	104,469	107,387
Share based payments	8,000	112,650
	<u>1,534,607</u>	<u>1,611,453</u>

Note 30. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 30 June 2024				
<i>Other liabilities</i>				
Contingent consideration - Earnout payable in shares at FVTPL	0	0	523,256	523,256
Total liabilities	<u>0</u>	<u>0</u>	<u>523,256</u>	<u>523,256</u>

Consolidated - 30 June 2023

Other liabilities

Contingent consideration	0	0	1,497,000	1,497,000
Total liabilities	<u>0</u>	<u>0</u>	<u>1,497,000</u>	<u>1,497,000</u>

Contingent consideration represents part consideration payable to the vendors of Xref Engage (formerly Voice Project) acquired in a business combination in FY2023.

	Fair value at		Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2024	2023		
	\$	\$		
Subsidiary acquired				
Engage	523,256	1,497,000	The first and second earn out are payable in XRef ordinary shares following the first and second full year of operations of The Voice . Contingent consideration value recorded is based on assumptions regarding meeting certain annual EBITDA hurdles (unobservable input to valuation) and the ASX share price on the final assessment and share issue date	For both the first and second earn out, the fair value of the contingent consideration recorded as a liability at both 30 June 2023 and 30 June 2024 assumes that 100% of the EBITDA target will be achieved. If less than 50% if the EBITDA target is achieved, no earn out is payable. If between 50% and 99% of the EBITDA target is achieved, the earn out will increase progressively from 1% to 99% respectively.
Total	523,256	1,497,000		

Level 1-3 assets and liabilities

Movement in level 1-3 assets and liabilities during the current and previous financial year are set out below:

Contingent Consideration	Total \$
Consolidated	
Balance at 1 July 2022	0
FVTPL Expense / (Gain) recognised in profit or loss	0
Additions	1,497,000
Balance at 30 June 2024	1,497,000
FVTPL Expense / (Gain) recognised in profit or loss	(668,511)
Additions	0
Settlement	(305,233)
Balance at 30 June 2024	523,256

Note 31. Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 30 June 2024.

Note 32. Business Combination – Final

On 03 January 2023, Xref Limited, entered into a share sale agreement to acquire 100% of the ordinary shares of The Voice Project Pty Limited for a maximum purchase consideration of \$3,620,675. \$2,123,675 was settled on completion in cash and an earn out consideration of up to \$1,497,000 (refer note 31) in script subject to The Voice Project Pty Limited achieving performance hurdles based on the following criteria:

1. The first earnout payment in Xref shares of the value \$500,000 is contingent on Voice Project achieving an EBITDA of more than \$250,000 in the first year following completion and is payable on 24 March 2024.
2. The second earnout payment in Xref shares of the value \$500,000 is payable if, during the first year following completion, permanent employees of Voice Project work an average of 403 hours per week and is payable on 24 March 2024.
3. The third earnout payment in Xref shares of the value \$1,000,000 is contingent on Voice Project achieving an EBITDA of more than \$300,000 in the second year following completion and is payable on 24 March 2025.

The transaction was completed on 03 January 2023.

Established in 2002, Voice Project is a human resources consulting company that utilizes proprietary IP to help organizations track employee engagement, leadership, and customer satisfaction through research-backed surveys and expert guidance provided by organizational psychologists. Voice Project leverages its proprietary database to provide meaningful analytics and benchmarking, enabling organizations to make data-driven decisions.

The acquired business contributed revenues of \$1,760,062 from 03 January 2023 to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions would have been revenues of \$3,541,358.

Goodwill on acquisition

The goodwill of \$1,616,248 relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition.

The values identified in relation to the acquisition of The Voice Project Pty Limited have been finalised to their fair values as on 30 June 2024 as permitted by AASB 3 *Business Combinations* (Refer to Note 34b for further details on restatements necessitated to bring the net assets to their fair values).

Details of the acquisition are set out below:

Fair Value
\$

Cash and cash equivalents	449,194
Trade and other receivables	324,892
Other assets	77,940
Property, plant and equipment	422,303
Intellectual Property	797,400
Voice Project Software	975,000
Brand	45,000
Customer contracts and relationships	847,000
Deferred tax liability	(442,300)
Trade and other payables	(245,478)
Employee benefits	(203,343)
Unearned revenue	(1,043,181)
Net Assets acquired	2,004,427
Goodwill	1,616,248
Acquisition date fair value of total consideration	3,620,675

Representing:

Cash paid / payable to the vendor	2,123,675
Fair value of contingent consideration	1,497,000
Total	3,620,675

Acquisition costs expensed to profit or loss	238,100
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Cash used to acquire business, net of cash acquired:

Cash consideration payable	2,123,675
Less: Cash and cash equivalents acquired	(449,200)
Net cash paid	1,674,475

Note 33. Parent entity

Set out below is the supplementary information about the parent entity.

	2024 \$	2023 * \$
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(437,880)	(1,617,376)
Total comprehensive income/ (loss)	(437,880)	(1,617,376)
Statement of Financial Position		
Assets		
Total non current assets	37,450,360	38,337,571
Total Assets	37,450,360	38,337,571
Liabilities		
Total current liabilities	523,256	812,000
Total non-current liabilities	-	685,000
Total Liabilities	523,256	1,497,000
Net Assets	36,927,104	36,840,571
Equity		
Issued capital	55,405,846	55,100,613
Reserves	3,166,114	2,946,934
Retained profits	(21,644,856)	(21,206,976)
Total Equity	36,927,104	36,840,571

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guarantees entered into by the parent entity in relation to any of its subsidiaries in 2024 and 2023.

Contingent liabilities

The Company did not have any contingent liabilities at 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment in 2024 and 2023.

Note 34. Restatement of Prior Year Balance Sheet

- a. In the previous full year financial statements, the balance sheet contained an erroneous treatment of treasury stock which were incorrectly classed as a non-current asset resulting in the overstatement of net assets, and the corresponding trust holding under equity by \$369,600. This has now been rectified in the current financial statements. The effect of this restatement is illustrated below:

	Consolidated	
	30 June 2023	30 June 2023
	\$ (post restatement)	\$ (before restatement)
Non current assets	10,863,136	11,232,736
Equity	(572,122)	(202,522)

- b. During the year, the company brought into account a deferred tax liability of \$442,300 on identifiable intangible assets acquired as a result of the business combination in FY2023. Further adjustments to assets and liabilities taken over of a net value of \$130,408 resulted in an upward adjustment to goodwill on acquisition totaling \$572,708, included as intangibles in the balance sheet. As a result, non-current liabilities for FY2023 now include the deferred tax liability of \$442,300, and Trade and Other Payables include the upward adjustment \$130,408 reflecting payments made to the vendor of the business acquired, post the acquisition date. The effects pre and post the adjustments are illustrated below:

	Consolidated	
	30 June 2023	30 June 2023
	\$ (post restatement)	\$ (before restatement)
Non current liabilities		
Deferred Tax Liability	442,300	-
Current liabilities		
Trade and other payables	2,578,932	2,448,524

There is no impact, due to the restatements disclosed above, on the Statement of Profit and Loss or Cash Flow Statement as at 30 June 2023.

Note 35. Events Occurring After the Reporting Date

As announced on 21 May 2024 the board of directors of Xref initiated a strategic review following enquiries from private equity regarding a potential acquisition of the company. This review process is ongoing.

No other matters or events requiring adjustments have arisen since 30 June 2024 that relate to circumstances that existed as on the balance sheet date.

Note 36. Consolidated Entity Disclosure Statement

Entity Name	Body Corporate, Partnership or Trust	Country of Incorporation / Formation	Principal place of business	% of Share Capital held directly or indirectly by the Company in the body corporate	Australian or Foreign Tax Resident	Jurisdiction for Foreign tax resident
Xref Limited (<i>Holding Company</i>)	Body Corporate	Australia	Australia	N/A	Australian	Australia
Xref AU Pty Limited	Body Corporate	Australia	Australia	100%	Australian	Australia
Xref Engage Pty Limited	Body Corporate	Australia	Australia	100%	Australian	Australia
Voice Project Pty Limited	Body Corporate	Australia	Australia	100%	Australian	Australia
RapidID Pty Limited	Body Corporate	Australia	Australia	100%	Australian	Australia
TMP Digital Verifications Pty Limited	Body Corporate	Australia	Australia	100%	Australian	Australia
Xref Employee Share Trust	Trust	Australia	Australia	100%	Australian	Australia
Xref (NZ) Pty Limited	Body Corporate	New Zealand	New Zealand	100%	Foreign	New Zealand
Xref (UK) Limited	Body Corporate	United Kingdom	United Kingdom	100%	Foreign	United Kingdom
Xref Referencing CA Limited	Body Corporate	Canada	Canada	100%	Foreign	Canada
Xref LLC	Body Corporate	United States of America	United States of America	100%	Foreign	United States of America

Key assumptions and judgements - Determination of tax residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Director's Declaration

In the opinion of the directors of Xref Limited ("the Company"):

1. The consolidated financial statements and notes for the year ended 30 June 2024 are in accordance with the Corporations Act 2001 and
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. complies with the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - c. give a true and fair view of the financial position and performance of the consolidated group.
2. The Chief Executive Officer and Chief Financial Officer have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due.
4. the Consolidated entity disclosure statement as at 30 June 2024 set out in note 36 is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors.



Lee-Martin Seymour
Managing Director
28 August 2024
Sydney



Thomas Stianos
Chairman
28 August 2024
Sydney

Independent Auditor's Report to the Members of Xref Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Xref Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration .

In our opinion, the accompanying financial report of Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Software Development Costs (Note 3, Note 5, Note 17)	
In accordance with AASB 138: <i>Intangible Assets</i> ("AASB 138"), the Group has capitalised software development costs amounting to \$6,592,953 (2023:\$5,280,645). These costs include both external expenses and internal wage costs of Xref Limited's software developers. This is a key audit matter because of the estimates, criteria, and judgments involved in capitalising internally generated intangible assets.	We critically analysed management's assessment in accordance with AASB 138, including performing the following procedures: a) Reviewed documentation produced by management outlining the nature of the development projects, the benefits to the business and the project timeline for introduction to the market. b) Discussed with management and certain employees their role in developing projects, to determine the reasonableness of their input and work performed and to confirm criteria were satisfied to capitalise certain internal wage costs. c) Obtained management reports, along with timesheets in relation to the internal payroll costs capitalised. Performed detailed tests; verifying the amounts capitalised in comparison to the work performed as recorded in timesheets. d) Obtained supporting documentation in relation to external costs capitalised to ensure the scope of work performed by experts was in relation to the development of software. e) Confirmed with management that any costs relating to redundant technology have been appropriately written off. f) Evaluated costs capitalised against the requirements of AASB 138, ensuring the criteria for development were satisfied and any research was expensed in the period. g) Evaluated the reasonableness of the Group's financial report disclosures in light of the requirements of Australian Accounting Standards.

Key Audit Matter	How we addressed the Key Audit Matter
Goodwill (Note 3, Note 5, Note 17)	
Under AASB 136: <i>Impairment of Assets</i> ("AASB 136"), goodwill is required by to be tested annually for impairment at the Cash Generating Unit (CGU) level. The Group performed an impairment assessment of goodwill by calculating the value in use for each CGU, using discounted cash flow models. The impairment assessment was a key audit matter due to the size of the goodwill balance and the judgements and estimates involved in determining the value in use of each CGU.	We critically analysed management's workings, including performing the following procedures: - Assessed whether the Group's identification of CGUs was consistent with our knowledge of the operations, internal reporting lines and level of integration of the acquired businesses. - Discussed with management the basis for the significant assumptions and inputs used in the value in use model calculations as provided by management and its external expert. Challenged the appropriateness of the assumptions used in comparison to actual results achieved and future budgets. - Assessed management's expert's qualifications, in relation to their ability to provide input into the value in use models. - Interrogated the value in use model using different inputs as a means to perform sensitivity analysis and assess breakeven position. - Evaluated the reasonableness of the Group's financial report note disclosures in light of the requirements of Australian Accounting Standards.
Revenue Recognition (Note 3, Note 7, Note 21)	
The Group generates revenue from the following sources: • Sale of Credits • Sale of Software Subscriptions • Sale of Consultancy Services • Sale of ID verification checks The Group's accounting policies for the recognition of revenue are outlined in Note 3 (j) to the financial statements. The Group's revenue streams are either recognised over time or at a point in time, depending on the identified performance obligations. Due to the differing revenue recognition criteria and high volume of transactions, revenue recognition is considered to be a key audit matter.	Our audit procedures included the following: - Assessed whether the revenue recognition policy applied to each revenue stream is in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>. - Obtained a detailed understanding and performed a walkthrough of each revenue stream. - Performed a combination of tests of control and tests of detail on each revenue stream, verifying that revenue was appropriately recorded upon satisfaction of the respective performance obligations. This included testing whether the sale transactions were recognised as a contract liability at balance date where applicable. - Performed year-end cut off testing. - Evaluated the reasonableness of the financial report note disclosures in light of the requirements of the Australian Accounting Standards.

Key Audit Matter	How we addressed the Key Audit Matter
Going Concern (Note 3 (r))	
The Group incurred a net loss in the current year of \$5,681,097. There was a deficiency in current assets and net assets for the Group, which amounts to \$9,274,072 and \$5,848,609, respectively. As a result, Going Concern was considered a key audit matter. Despite these deficiencies, the financial statements were prepared on a going concern basis, taking into account the measures implemented by management as described in the related note.	We critically analysed the Group's cashflow forecast, for at least twelve months from the date of this report, which was used to support the going concern assessment, including performing the following procedures: a) Obtained justification from management around the assumptions used within the cashflow forecast. b) Critically evaluated assumptions used by management against historical performance. c) Assessed the ability to further reduce operating costs should revenue forecasts not be achieved. d) Reviewed current cash position, new funding agreement with Elements SaaS Finance LLC and compliance with loan covenants. e) Interrogated the cashflow forecast using different inputs as a means to perform sensitivity analysis. f) Evaluated the reasonableness of the Group's financial report note disclosures in light of the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of: a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*.

The directors of the Company are responsible for such internal control as the directors determine is necessary to enable the preparation of: i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due

to fraud or error; and ii) the consolidated entity disclosure statement that is true and correct and is free from misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 12 to 18 of the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Xref Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Crowe Sydney



Barbara Richmond
Partner

28 August 2024
Sydney

Shareholder Information

Information relating to shareholders, as required by ASX Listing Rule 4.10, and not disclosed elsewhere in this Annual Report, is detailed below.

Substantial Shareholders of the Company as at 15 August 2024, based on Substantial Shareholder Notices received by the ASX and the Company:

Substantial Shareholders	Shareholding
Lee-Martin John Seymour	31,730,108
Timothy David Griffiths	22,230,690
Herald Investment Trust PLC	11,540,775

Based on the market price at 15 August 2024 there were 489 shareholders with **less than a marketable parcel** of 2,777 shares at a share price of \$0.18. There are 2,906,977 shares that are subject to Company-imposed voluntary escrow until 3 January 2025.

Number of Ordinary Shares Held	Number of Holders	Ordinary Shares	% of Total Issued Capital
1 - 1,000	213	104,676	0.06
1,001 - 5,000	544	1,582,223	0.84
5,001 - 10,000	339	2,600,060	1.38
10,001 - 100,000	475	13,499,297	7.14
100,001 and over	86	171,297,010	90.58
Total	1,657	189,083,266	100.00

Shareholder Information

Top 20 Holders of Ordinary Shares (XF1) as at 15 August 2024

Rank	Name of Shareholder	Shares	% of Shares
1	Netwealth Investments Limited <Wrap Services A/C>	30,984,955	16.39
2	West Riding Investments Pty Ltd <Seymour Family A/C>	30,090,353	15.91
3	Squirrel Holdings Australia Pty Ltd <Griffiths Family A/C>	22,157,613	11.72
4	HSBC Custody Nominees (Australia) Limited	13,162,195	6.96
5	Citicorp Nominees Pty Limited	11,320,389	5.99
6	National Nominees Limited	10,637,887	5.63
7	UBS Nominees Pty Ltd	8,771,041	4.64
8	Beauvais Capital Pty Ltd <The Reginald Hector A/C>	7,302,951	3.86
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	4,187,224	2.21
10	Dr Peter Langford	2,906,977	1.54
11	Mr Craig Graeme Chapman <Nampac Discretionary A/C>	2,419,355	1.28
12	Lightview Asset Pty Ltd	2,000,000	1.06
13	Seymour Superannuation Holdings Pty Ltd <Seymour Super Fund A/C>	1,639,755	0.87
14	Mijon Investments Pty Ltd <The Mijon S/F A/C>	1,500,000	0.79
15	Daniel P Moses (Nominees) Pty Limited <Daniel Moses Family A/C>	910,000	0.48
16	Mr Craig Graeme Chapman & Mrs Joanne Chapman <Chappo's Super Fund A/C>	885,993	0.47
17	Assumo (Nominees) Pty Ltd <The Assumo Super A/C>	850,000	0.45
18	Assumo (Nominees) Pty Ltd <Assumo S/Fund A/C>	836,827	0.44
19	Finclear Services Pty Ltd <Superhero Securities A/C>	804,218	0.43
20	Mr Remy Chun Koh	800,000	0.42
Total of Top 20 Holdings		154,167,733	81.54
Other Holdings		34,915,533	18.46
Total Fully Paid Shares Issued		189,083,266	100.00

Options (XF1AP to XF1AX) as at 15 August 2024

Name and Number of Option Holders	Shares the Option Holder is Entitled to	Exercise Price	Option Expiry Date
James Solomons and Sharon Blesson (under Employee Option Plan) – 2,000,000 options each	4,000,000	\$0.18	15 September 2024
Thomas Stianos	1,800,000	\$0.54	17 November 2024
Nigel Heap	900,000	\$0.54	17 November 2024
46 employees and contractors (under Employee Option Plan)	406,859	Nil	5 July 2025
8 employees and contractors (under Employee Option Plan)	185,000	Nil	20 February 2026
56 employees and contractors (under Employee Option Plan)	1,343,241	\$0.42	5 July 2026
54 employees and contractors (under Employee Option Plan)	4,020,000	\$0.50	5 July 2026
10 employees and contractors (under Employee Option Plan)	612,500	\$0.42	20 February 2027
10 employees and contractors (under Employee Option Plan)	860,000	\$0.50	20 February 2027
Total Number of Options on Issue	14,127,600		

Shareholder Information

Voting Rights

At general meetings of the Company, all fully paid ordinary shares carry one vote per share without restriction. On a show of hands, every member present at a general meeting, or by proxy, shall have one vote and, upon a poll, each share shall have one vote. Option holders have no voting rights until the options are exercised.

On-Market Buy-Back

There is no current on-market buy-back of shares in the Company.

Corporate Directory

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Investor Hub
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DIRECTORS

Thomas Stianos
Chairman

Lee-Martin Seymour
Managing Director

Nigel Heap
Non-Executive Director

OFFICERS

Lee-Martin Seymour
Chief Executive Officer,
Co-Founder

James Solomons
Chief Financial Officer,
Chief Operating Officer

Sharon Blesson
Chief Technology Officer

Robert Waring
Company Secretary

LEADERSHIP TEAM

Tracy Murdoch
General Counsel

Karina Guerra
GM – Customer
Intelligence

Peter Langford
GM – Xref Engage

AUDITORS

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STOCK EXCHANGE

The Company's fully paid ordinary shares are listed on the Australian Securities Exchange (ASX) under code XF1

SHARE REGISTRY

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XREF