

Xref Limited's 22 November 2024 Annual General Meeting (AGM)

Chairman's Address – Thomas Stianos

The 2024 financial year was a significant year for product innovation and business transformation. Your Company achieved excellent progress in migrating clients to our Software as a Service (SaaS) subscription basis, 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 \$5.6 million in the 2022-23 financial year to \$15 million for the 2023-24 financial year. 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.

The Company also 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.

Voice Project, which was acquired in the previous financial year, is now fully integrated into the Xref business and platform, and is generating cross sell opportunities. Voice Project has proven to be a valuable addition to the Company by accelerating our growth into the engagement survey market.

Xref's core products are now 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.

The Company added a number of new channel partners during the year, including more Applicant Tracking System providers, such as Dayforce and UKG, and job board providers, such as Seek and Workplacer. We will continue to explore additional channel partners and checking vendors for our Trust Marketplace platform.

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

Debt and Cash

The Company terminated the \$5 million debt facility with Pure Asset Management and replaced it with an \$8.4 million 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 \$0.7 million. This was skewed to the first half. Xref reduced its headcount by 25% in the third quarter of the 2023-24 financial year, which resulted in a positive EBITDA in the second half and a small operating cash flow surplus. Net cash at the end of the year was \$4.6 million.

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

Financial Performance

The 2023-24 financial year saw reduced recruitment activity as reported by most companies operating in the HR and recruitment market.

Despite the market headwinds, revenue of \$19.9 million was down only 3% from \$20.4 million in the prior year thanks to Xref's migration to its subscription platform and the addition of engagement services. EBITDA for the year was a loss of \$1.7 million largely due to the Company choosing to complete key product development in the first half. The second half returned to positive EBITDA following the reduction of staff numbers during the third quarter and the streamlining of operations.

Strategic Review

During the year, the Board undertook a review of the Company's growth strategy and its capital requirements. As part of this review, Xref entered into non-disclosure agreements with a number of parties who had expressed interest in potentially acquiring the Company. Subsequent to year end, Seek Limited (SEEK) made a non-binding indicative offer to acquire all the shares in Xref. The Board granted an exclusivity period to SEEK in order for it to conduct due diligence. This was completed on 14 November 2024, at which time SEEK confirmed its offer of 21.8 cents per share and entered into a Scheme Implementation Deed.

We have now engaged an independent expert to determine if the offer from SEEK is fair and reasonable, and in the best interests of the Company's shareholders. Concurrently, we are preparing the Scheme of Arrangement information booklet for shareholders. After the Scheme documents are approved by ASIC and the Court, we will schedule a shareholders' meeting in the new calendar year to vote on the proposed Scheme.

In Conclusion

It is remarkable how much we have achieved in the last 12 months. The Xref platforms have been transformed and enhanced despite the softer market and our reduced staff numbers. The team has built a platform providing greater value to our clients and one that gives the Company a competitive advantage. 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 you, our shareholders, for your support during the transformation of our business.

I now move to the items of business and resolutions to be put to shareholders.

This AGM presentation has been authorised for release by the Board.

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